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ABSTRACT

This guide and training manual, in loose-leaf format, is intended to assist lenders and schools participating in the Colorado Student Loan Program (CSLP). The manual consists of a series of single page (front and back) "ready references." Each ready reference includes a title followed by information on the subject and suggestions for additional references and information sources. Ready references may also consist of a form or forms designed to assist the Student Loan Officer or Financial Aid Administrator in the processing and maintenance of Guaranteed Student Loan Program records and requirements. The ready references are organized into five sections: Section I offers an overview of CSLP; Section II, on the lender, has nine subsections covering the following topics: origination process, loan servicing, repayment, collections procedures, consolidation, refinancing, the program review process, and record keeping requirements; Section III, on the school, contains seven subsections on borrower eligibility, application process, delivery of loan process, enrollment status, refunds, the program review process, and record keeping requirements; Section IV is a glossary and Section V an index. (JB)

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COLORADO STUDENT LOAN PROGRAM

School and Lender
TRAINING MANUAL

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SECTION I: OVERVIEW OF CSLP

Tabular Table of Contents*

Tab Summary:

Information on the format, copyright, and disclaimers of this training manual; an overview of the Colorado Student Loan Program; and a phone list of key personnel and numbers are provided under this tab heading.

CSLP Ready References:

ORDER	TITLE	NUMBER	DATE	NEW ✓
1.	Ready Reference Format	RR000	February 28, 1992	✓
2	Overview of CSLP	RR085	February 28, 1992	✓
3.	Phone List	RR086	February 28, 1992	✓

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* The *Tabular Table of Contents* establishes a recommended order for the *CSLP Ready References* inserted behind this tab heading. New and revised *CSLP Ready References* are designated with a (✓) in the NEW column. Revisions are designated by date. *CSLP Ready References* with older dates are obsolete but may be retained for historical reference.

READY REFERENCE FORMAT

CSLP Ready Reference

CSLP Ready Reference. This *CSLP School and Lender Training Manual* departs from the usual format offered by most organizations for training purposes. Rather than page-by-page instructions, the manual uses a concept of the *CSLP Ready Reference.* These references are a single page (front and back) devoted to one topic. Each reference has a title which designates its topic in the page header followed by information on the subject. Most references are concluded with a *Want to Know More?* box which provides the reader with cites used in the reference and information for further research. *CSLP Ready References* may also consist of a form(s) that is designed to assist the Student Loan Officer or Financial Aid Administrator in the processing and maintenance of Guaranteed Student Loan (GSL) Program records and requirements. These references may be used separately or in conjunction with other *CSLP Ready References* or additional training materials.

The primary reasons for the choice of this format was to provide the reader with consolidated information on a subject and to provide CSLP with a systematic mechanism for additions and revisions to the contents of this manual.

Organization in the Manual. Each *CSLP Ready Reference* has a different alpha-numeric designation in the lower right of the page footer beginning with "RR" followed by a three-digit number. However, these numbers do not serve as page numbers for the manual, and the references are not numbered sequentially. Instead, the references are organized by *Sections* designated by the following tabs:

Tab Title			**Color**
SECTION I:	OVERVIEW OF CSLP		Gray
SECTION II:	THE LENDER		Pink
SECTION II:	THE LENDER,	Origination Process	
SECTION II:	THE LENDER,	Loan Servicing	
SECTION II:	THE LENDER,	Repayment	
SECTION II:	THE LENDER,	Collections Procedures	
SECTION II:	THE LENDER,	Consolidation	
SECTION II:	THE LENDER,	Refinancing	
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SECTION III:	THE SCHOOL,	Borrower Eligibility	
SECTION III:	THE SCHOOL,	Application Process	
SECTION III:	THE SCHOOL,	Delivery of Loan Proceeds	
SECTION III:	THE SCHOOL,	Enrollment Status	
SECTION III:	THE SCHOOL,	Refunds	
SECTION III:	THE SCHOOL,	The Program Review Process	
SECTION III:	THE SCHOOL,	Record Keeping Requirements	
SECTION IV:	GLOSSARY		Yellow
SECTION V:	INDEX		Blue

Each *CSLP Ready Reference* has the name of the tab under which it is to be located in the manual in the page footer in the lower left following *CSLP Training Manual.*

TABULAR TABLE OF CONTENTS. The first page of a tab *Section* is the *Tabular Table of Contents* which gives a brief *Summary* of the tab's contents then lists the *CSLP Ready References* for the tab in their recommended order. The *Tabular Table of Contents* also refers the reader to other *CSLP Ready References* that are related to the subject matter but are located under different tabs in the manual.

Several tabs do not use the *CSLP Ready Reference* format and, therefore, do not have a *Tabular Table of Contents:*

SECTION II: THE LENDER, The Program Review Process
SECTION III: THE SCHOOL, The Program Review Process
SECTION IV: GLOSSARY
SECTION V: INDEX

REVISIONS TO THE MANUAL. Each *CSLP Ready Reference* has a date in the lower right of the page footer above the "RR" number. This date is the date the reference was created or revised. The date is used to track the most current version.

The *Tabular Table of Contents* also serves as the transmittal form for *CSLP Ready References.* As changes are made that affect the GSL Programs, CSLP will be adding, deleting, and revising the information in this manual. CSLP will send a new *Tabular Table of Contents* with new and revised references in future CSLP "Alerts" or "Bulletins". The reader will be able to note the new or revised *CSLP Ready References* on the *Tabular Table of Contents* by the check mark (✓) in the *New* column:

ORDER	**TITLE**	**NUMBER**	**DATE**	**NEW** ✓
1.	(Title of *CSLP Ready Reference)*	(RR#)	(date)	✓

The "Alerts" and "Bulletins" will also provide information on specific changes including which *CSLP Ready References* and other information have become obsolete and are to be removed from the manual. However, the lender or school may wish to maintain "old" *CSLP Ready References* in the manual for historical documentation.

COPYRIGHT. For consistency, CSLP has used quotes from the *Higher Education Act* of 1965, as amended, and information prepared by the U.S. Department of Education in its *Federal Student Financial Aid Handbook, Congressional Methodology* handbook, *Verification Guide*, "Dear Colleague" letters, *Title 34 of the Code of Federal Regulations*, and other materials. The information excerpted from such sources is not copyrighted by CSLP. However, the format in which the information is presented is copyrighted.

DISCLAIMER. All materials in this manual are believed to be in compliance with the *Higher Education Act* of 1965, as amended; *Title 34 of the Code of Federal Regulations;* and the policies and procedures of the U.S. Department of Education as expressed in various communications. However, any information the U.S. Department of Education provides that may contradict the information contained in this manual supersedes this information. Please contact CSLP's *Compliance, Training, and Investigation Department* if contrary information is provided by calling (303) 294-5050 x311.

OVERVIEW OF CSLP

CSLP Ready Reference

The *Colorado Student Loan Program (CSLP)* is a guarantee agency authorized by the U.S. Department of Education to guarantee loans under the Guaranteed Student Loan (GSL) Programs. As the designated guarantor for Colorado, CSLP issues guarantees for qualifying loans for students who attend participating Colorado institutions of higher education, proprietary institutions, and vocational schools. CSLP also guarantees loans for Colorado residents attending participating schools outside of Colorado including foreign institutions.

CSLP is a state agency[1] created by the General Assembly in 1979 as a division of the Colorado Department of Higher Education, and began operations in 1980. CSLP is funded by the insurance premiums (guarantee fees) charged to the lender for guaranteeing a loan[2] and by contractual arrangements with the U.S. Department of Education for reinsurance and collection of GSL's. CSLP is not funded by state tax revenues.

CSLP issues guarantees under all four loans of the GSL Programs:

Stafford Loans,
Supplemental Loans for Students (SLS's),
Plus Loans, and
Consolidation Loans.

A guarantee insures the loan in the event of the borrower's death, permanent and total disability, bankruptcy in restricted cases, or default. In these events, CSLP purchases qualifying loans from the lender upon the lender's request for a payment of claim. The claim payment includes outstanding principal and interest. Upon payment, the lender is no longer the holder of the loan. CSLP, in turn, receives reinsurance on the loan from the U.S. Department of Education. For a guarantee agency, the rate of reinsurance is either 100, 90, or 80 percent depending upon the default rate of loans guaranteed by the agency. CSLP maintains a reserve account, as required by law and regulation, in the event a loan is not reinsured at 100 percent.

If CSLP purchases a loan because the borrower defaulted, the agency collects on the loan directly from the borrower (and/or co-signer or co-maker) and is entitled to retain 30 percent of the amounts it collects. The U.S. Department of Education receives 70 percent. CSLP may use collection agencies and the IRS offset (interception of tax refunds) to collect amounts on defaulted loans.

CSLP offers electronic support for its participating lenders and schools. Via *Connect,* lenders and schools have direct access to CSLP's guarantee system. *Connect* is a computer network which provides information on the guarantee status of loans and allows lenders and schools to update loan information and the enrollment status of students. CSLP's *Suspence File* affords participating schools a highly automated method of certifying and updating loans by interfacing with a school's award and packaging software. Lastly, CSLP's *Electronic Funds Transfer* system provides for the transfer of loan proceeds electronically into a school's designated account.[3]

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[1] A guarantee agency may be a state agency or a private nonprofit agency.

[2] The lender is allowed by regulation to pass the guarantee fee charges (and origination fees for Stafford Loans) onto the borrower.

[3] *Electronic Funds Transfer (EFT)* is scheduled to begin operations in 1992.

CSLP DEPARTMENTS

ACCOUNT RESOLUTIONS
- Collects defaulted loans
- Coordinates outside collection agencies
- Prepares the federal and state tax offsets
- determines the accounts to be sent to the Litigations Department
- Coordinates the bankruptcy claims
- Services closed-school accounts

ACCOUNTING
- Purchases the claim from the lender
- Processes payments received for the Loan Servicing Department and for the Account Resolution Department
- Provides billings for insurance premiums payments from lenders
- Establishes and distributes CSLP payroll
- Pays all debts incurred by CSLP
- Orders and maintains supplies

COMPLIANCE, TRAINING AND INVESTIGATIONS
- Provides trainings for lenders and schools
- Maintains *CSLP School & Lender Training Manual*
- Performs compliance reviews at lenders and schools
- Provides assistance to borrowers regarding unusual problems with their loans
- Addresses fraud and abuse in the programs
- Coordinates the closed-school procedures
- Processes contracts for lenders and schools

INFORMATION SERVICES
- Provides the computer support for the Operations Department and the *Connect* system
- Provides the computer support for claims purchasing
- Provides the computer support for the Loan Servicing Department

LITIGATION
- Brings suit against borrowers after default
- Contests borrower request to discharge loans due to bankruptcy

LOAN SERVICING
- Manages the lenders' loan portfolios
- Performs origination, collection, due diligence, and claim-filing activities on behalf of lenders

MARKETING AND PUBLIC RELATIONS
- Prepares consumer information
- Coordinates "Bulletin" and "Alert" publications
- Conducts "High School Nights" for students preparing to enter higher education
- Provides research support to other CSLP departments, lenders, and schools

OFFICE SERVICES
- Processes incoming calls and performs receptionist activities
- Processes all incoming and outgoing mail
- Maintains the office environment, phone system, and CSLP cars
- Coordinates agency security
- Establishes emergency procedures

OPERATIONS
- Processes guarantees for GSL's
- Provides training for the *Connect* system
- Operates "Repayment Hotline"
- Operates "Early Intervention Unit"
- Updates and provides CSLP data to applicable parties on a borrower's status using information received from schools, lenders, and borrowers

HUMAN RESOURCES
- Provides new employee orientation and training
- Resolves personnel issues
- Maintains records of employee vacation and sick leave hours
- Coordinates employee benefits
- Coordinates hiring with the State Department of Personnel
- Coordinates employee advancement with the dept. manager and State Dept. of Personnel

RECORDS CENTER
- Stores and retrieves all records for CSLP including original applications, default claims and promissory notes, and Loan Servicing Department client records and promissory notes
- Establishes the record retention and disposition schedules for CSLP
- Maintains accounting records

REPAYMENT SERVICES
- Contacts borrowers that are beyond 60 days delinquent on payments (preclaims activities)
- Approves requests from lenders for claim payments
- Performs skiptracing for lenders and CSLP

PHONE LIST

CSLP Ready Reference

CSLP PHONE NUMBERS

Main	(303) 294-5050
Connect Support	294-5077
Fax	294-5076
Loan Servicing Status Line	294-5088
Operations Status Line	294-5070
Repayment Services	294-5069
Student Information Packets (Local)	294-5094
TDD (TTY) Hearing Impaired Callers	294-5150
Student Information Packets	1-800-777-2757
Repayment Services	1-800-777-5626
Collections	1-800-333-2858
Loan Servicing	1-800-289-7378
Customer Service Hotline	1-800-727-9834

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Preclaims Assistance	502
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Lender/School Hotline	297
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Loan Repayment/Status Line	1-800-727-9834
Loan Sales Information	301
Loan Servicing (General Information)	294-5088
Loan Status--Stafford Loan	294-5070
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Marketing Assistance	265
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Public Relations	265
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Remote Access	301
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School Reviews	311
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EXTENSIONS BY NAME

Argo, Holly	Accounts Receivable	269
Baca, Bernadette	PBX Operator & Mailbox & Phone Updates	0
Bess, Tammye	Accounts Payable	368
Black, Lee	Loan Guarantee Operations Secretary	306
Blair, Ann	Marketing and Public Relations Secretary	265
Brown, Sharon	Litigation Paralegal	356
Bruns, Lois	Consolidation, Confirmation Reports, Manifest Research	296
Bryant, Mikelle	Program Officer	313
Cantrell, Roy	Account Receivable	373
Curran, Steven	Account Resolution Assistant Manager	245
Danford, Carol	Manager of Repayment Services	343
Fluharty, Troy	Assistant Manager in Accounting	366
Fomer, Robert	Director	274
Gansert, Sherry	Associate Director for Administration	272
Geary, Rose	Claims Assistant Manager	342
Gibson, Jim	Associate Director for Lender Services	278
Glover, Brian	Assistant Manager for Loan Servicing	212
Haas, Patty	Marketing Associate	265
Hansen, Kristie	Associate Director for Legal Affairs	275
Heismann, Dan	Assistant Manager for Loan Servicing	204
Hermosillo, Mary	Manager of Human Resources	281
Hogg, Carol	Secretary for Gansert, Schlaufman	258
Kishiyama, Ken	Investigator	305
Maddox, Marte	Accounts Receivable	270
Martinez, Anita	Operations--Status/Repayment Hotline, Supervisor	291
Mecham, Teresa	Compliance, Training, & Investigations' Secretary	311
Morton, Doug	Assistant Manager of Repayment Services	338
Munshaw, Judy	Assistant Manager of Loan Guarantee Operations	301
Null, Kathy	Manager of Loan Guarantee Operations	303
Peters, Sharon	Secretary for the Director	274
Peterson, Caron	Associate Director for Loan Guarantee Operations	304
Piekenbrock, Carmen	Manager of Compliance, Training, & Investigations	308
Podolak, Jim	Research Associate	358
Rodgers, Dan	Program Officer	312
Ross, Tom	Public Information Specialist	359
Salas, Pablo	Litigation/Bankruptcy Attorney	276
Samuelson, Kristie	Assistant Director for Marketing & Public Relations	265
Schlaufman, Bill	Manager of Accounting	279
Schow, Bob	Manager of Account Resolution	245
Smith, J.W.	Manager of Internal Audit	277
Smith, Marschall	Lead Program Officer	307
Swisher, Patti	Program Officer	310
Trujillo, Susan	Guarantee Operations Supervisor	298
Victoria, Reggie	Supply/Inventory Requests	363
Vigil, Marie	Program Officer	374
Wagoner, Sheila	Secretary for Hansen, Gibson	260
Williams, Laurie	Litigation Secretary	259
Zinn, Missy	Staff Assistant for Loan Servicing	211

SECTION II: THE LENDER

Tabular Table of Contents*

Tab Summary:

Topics for policies and procedures are provided under this tab heading.

CSLP Ready References:

ORDER	TITLE	NUMBER	DATE	NEW ✓
1.	Lender Topics for Policies and Procedures	RR061	February 28, 1992	✓

Also see CSLP Ready References:

TITLE	LOCATION IN CSLP TRAINING MANUAL
Guide to Writing Policies	SECTION III: THE SCHOOL
Guide to Writing Procedures	SECTION III: THE SCHOOL
Model Policy and Procedure Forms	SECTION III: THE SCHOOL

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LENDER TOPICS FOR POLICIES AND PROCEDURES

CSLP Ready Reference

The following topics are recommended for written policies and procedures:

Policy and Procedure	*Regulation*
Bankruptcy Affecting Origination	
Cancellations	682.202, 682.300, 682.302, 682.401
Co-Signers	
Collection Letters	682.411
Collections Procedures (aka Due Diligence)	682.411
Conversion to Repayment	682.209
Deferments Required Documentation	682.210
Disbursement Procedures Multiple disbursements Foreign Schools Plus Loans	682.207
Filing for Claim Payment Bankruptcy Death Disability Default	682.402 682.411
Forbearance Required Documentation Internal Criteria Borrower Responsibilities	682.211
Ineligible Borrowers	682.412
Interest & Special Allowance Billing Reports Used Caclulations Record Keeping	
Internal Forms	
Loan Sales Record Keeping Interest and Special Allowance Billing	682.208
Minimum Loan Amount(s)	
Open Door Policy vs. Credit Determination	
Refunds	682.209
Repayment Schedules Terms of Repayment Correspondence	682.209
Under-Aged Borrowers	

SECTION II: THE LENDER, Origination Process

Tabular Table of Contents*

Tab Summary:

The processes and requirements for originating GSL program loans are examined under this tab heading.

CSLP Ready References:

ORDER	TITLE	NUMBER	DATE	NEW ✓
1.	Stafford Loan Parameters	RR053	February 28, 1992	✓
2.	SLS & Plus Loan Parameters	RR054	February 28, 1992	✓
3.	Processing the Application	RR055	February 28, 1992	✓
4.	Reject Codes	RR087	February 28, 1992	✓
5.	Disbursements	RR048	February 28, 1992	✓
6.	Late Disbursements	RR016	February 28, 1992	✓
7.	Insurance Premium Billing	RR059	February 28, 1992	✓

Also see CSLP Ready References:

TITLE	LOCATION IN CSLP TRAINING MANUAL
Student and Borrower Eligibility	SECTION III: THE SCHOOL, Borrower Eligibility
Independent Student Definition	SECTION III: THE SCHOOL, Borrower Eligibility
Scheduling Disbursements	SECTION III: THE SCHOOL, Application Process
Loan Document Flow	SECTION III: THE SCHOOL, Application Process
Check Delivery	SECTION III: THE SCHOOL, Delivery of Loan Proceeds

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STAFFORD LOAN PARAMETERS

CSLP Ready Reference

The Stafford Loan was formerly known as the Guaranteed Student Loan (GSL). A Stafford Loan may be made to a student who is enrolled at least half-time at an eligible institution. The student must demonstrate need and meet or exceed all the eligibility requirements. The student must first apply for a Pell Grant. The interest on a Stafford Loan is paid by the federal government while the student is enrolled at least half-time, during the student's grace period and during authorized periods of deferment.

MAXIMUM LOAN AMOUNTS PER ACADEMIC YEAR

$2625 -- 1st or 2nd year undergraduate students
$4000 -- 3rd, 4th, or 5th year undergraduate students
$7500 -- graduate students

These amounts became effective 01/01/87. If a student has a B.A. or B.S. but is enrolled in an undergraduate program, then the student is entitled only to the undergraduate limits.

AGGREGATE LOAN LIMITS

$17,250 -- undergraduate students
$54,750 -- graduate students

INTEREST RATES	GRACE PERIOD
8% then 10% after 4th year of repayment (Effective 07/01/88)	6 Months
Prior Rates and Grace Periods	
8% -- 09/13/83 to 06/30/88	6 Months
9% -- 01/01/81 to 09/12/83	6 Months
7% -- prior to 01/01/81	9 Months

If a student has an outstanding balance on a prior GSL or Stafford Loan, then the interest rate and grace period on a new loan will be the same as the prior loan(s).

INSURANCE PREMIUM

3.0 % -- Freshman Borrowers (Effective 11/01/90)
2.75% -- Sophomore Level & Above

Prior Rates

2.6% -- 07/01/89 to 10/31/90 (for Stafford borrowers)
2.5% -- 07/01/87 to 07/01/89
1.0% per annum -- prior to 07/01/87

This mandatory fee, also known as a guarantee fee, insures the loan to the lender in the event of the borrower's death, permanent and total disability, and/or default. The lender deducts the fee from the amount of the loan and remits it to CSLP. In the case of multiple disbursements, deductions from the borrower's loan checks for the fee must be proportional.

ORIGINATION FEE

5.0% -- Effective 01/01/90

Prior Rates

5.5% -- 10/01/89 to 12/31/89
5.0% -- 10/01/86 to 09/30/89
5.5% -- 03/01/86 to 09/30/86
5.0% -- 1981 to 02/28/86
0.0% -- prior to 1981

This fee, also mandatory, was introduced by the federal government in 1981 to offset the cost of the GSL/Stafford Loan program. The origination fee is based upon the rate as of the date of the first disbursement. In the case of multiple disbursements, deductions from the student's checks for the fee must be proportional. The lender reports the amount of the origination fee collected, per quarter, on the *Lender's Interest and Special Allowance Request and Report* (ED Form 799). The U. S. Department of Education deducts the total amount of origination fees from the amount of interest and special allowance owed to the lender.

Want to Know More? See:

Higher Education Act §425, *Title 34 of the Code of Federal Regulations* §201, 202 and 206, and CSLP Rules and Regulations, Chapter VII.

SLS & PLUS LOAN PARAMETERS

CSLP Ready Reference

SUPPLEMENTAL LOANS FOR STUDENTS (SLS)

SLS is for eligible independent and/or graduate or professional students. Under conditions where the parents of a dependent, undergraduate student have exceptional circumstances and cannot obtain a Plus Loan, a dependent student may borrow the SLS. The student must first apply for a Pell Grant. If the student demonstrates eligibility of $200 or greater for the Stafford Loan, the student must apply for the maximum Stafford Loan possible. The borrower is responsible for all of the interest on the SLS. A student must have a high school diploma or its equivalent (G.E.D.) to borrow the SLS, and the school's fiscal year default rate (cohort default rate) must not be equal to or greater than 30%. The borrower's first payment is due within sixty (60) days of the final disbursement.

MAXIMUM LOAN AMOUNTS

$4000 -- undergraduate or graduate student

If a student has not successfully completed the first year of undergraduate studies and is enrolled in a program of less than one academic year, the amounts are:

$2500 -- for a program at least 2/3 of an academic year but less than a full academic year
$1500 -- for a program at least 1/3 but less than 2/3 of an academic year
-0- -- for a program less than 1/3 of an academic year

$20,000 -- aggregate for undergraduate or graduate student

PLUS LOANS

A parent or legal guardian of a dependent student may borrow a Plus Loan for the student's education. The school must determine the student's dependency status and eligibility as well as the parent borrower's eligibility. A needs analysis is not required for the Plus Loan. The borrower is responsible for all of the interest on the Plus Loan. The borrower's first payment is due within sixty (60) days of disbursement.

MAXIMUM LOAN AMOUNTS

$4000 -- for the parent borrower of a dependent student (undergraduate or graduate)

$20,000 -- total that the parent may borrow per dependent student (undergraduate or graduate)

SLS & PLUS

LOAN INTEREST RATES

Variable, based upon the 52 week Treasury Bill plus 3.25%, and subject to change each July 1st

9.34%	Effective 07/01/91
	Prior Rates
11.49%	07/01/90 to 06/30/91
12.00%	07/01/89 to 06/30/90
10.45%	07/01/88 to 06/30/89

10.27%	07/01/87 to 06/30/88
12.00%	01/01/87 to 06/30/87 (fixed rate)

INSURANCE PREMIUM

3.0 % -- all SLS & Plus borrowers (Effective 11/01/90)

Prior Rates

2.75% -- 07/01/89 to 10/31/90
2.5% -- 07/01/87 to 07/01/89
1.0% per annum -- prior to 07/01/87

This mandatory fee, also known as a guarantee fee, insures the loan to the lender in the event of the borrower's death, permanent and total disability, and/or default. The lender remits the fee to CSLP. Deductions from the borrower's loan checks for the fee must be proportional.

ORIGINATION FEE

This fee is not applicable to SLS and Plus loans.

MINIMUM PERIOD FOR SLS

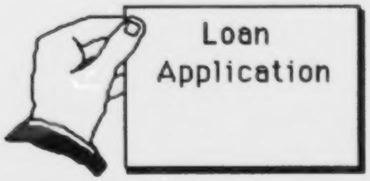
A student is prohibited from borrowing more than the statutory SLS annual loan limit until the minimum period for the student has elapsed (the academic year or seven months, whichever is greater). When seven months is longer than the academic year's length, the school's certification of the student's second SLS may not take place earlier than the first day of the eighth month following the first day of the loan period on the student's first SLS Loan. In certifying the application, the institution may include any period of enrollment prior to the date of certification which was not covered by a previous SLS as long as the student remains eligible. The minimum period was formerly nine months or the academic year, whichever was greater (changed to seven months on November 5, 1990).

Want to Know More? See:

Higher Education Act §428A and B, *Title 34 of the Code of Federal Regulations* §201, 202 and 206, and CSLP Rules and Regulations, Chapter VIII.

PROCESSING THE APPLICATION

CSLP Ready Reference



Specific guidance to lenders is contained in the following instructions for the completion of the Stafford, SLS and Plus loan application forms.

- It is recommended that the lender check the student's section of the application for accuracy. Corrections to any significant item (item number highlighted) must be made and initialed by the student.
- Upon receipt of a properly completed loan application, the loan is either approved or rejected by CSLP within 24 hours.
- In the event that the student, school or the lender makes an error in their section of the application, a correction form is sent to the appropriate party. The lender and school are not notified when a correction form is sent to the student. The lender receives a copy of the completed correction form, for its records, if the school has made an error. The lender is instructed to return the properly completed correction form directly to CSLP if the lender makes an error.
- When the loan is approved, CSLP sends a Notification of Loan Approval and Guarantee (guarantee certificate) to the lender/servicer. Upon receipt of this document, the lender/servicer is permitted to disburse the loan funds in accordance with the date(s) indicated on the guarantee certificate.
- The second page of the guarantee notification is the borrower's copy of the Disclosure Statement. The lender must either send this form directly to the borrower's address, or attach the form to the Stafford Loan or SLS disbursement check, which is sent to the school.
- Determination of the accuracy and legality of the promissory note is the lender's responsibility. The amount written by the student on the application/promissory note must be equal to or greater than the amount guaranteed.
- The lender is permitted to accept the application/promissory note if the borrower only indicates the numerical amount. If the borrower puts a written amount and a numerical amount and if there is a discrepancy between these two amounts, the written amount takes precedence. Any changes to the promissory note section of the application must be made and initialed by the borrower.
- CSLP prints a computer-generated promissory note with each guarantee certificate. This allows the lender the flexibility of accepting the application/promissory note, or requiring the borrower and co-signer, if applicable, to sign the computer-generated promissory note.

- It is the lender's prerogative to require a co-signer on a Stafford Loan or a SLS or to require a co-maker on a Plus loan. In the event that a co-signer is required, the lender must have the borrower and the co-signer sign the computer-generated promissory note because it contains final disclosure information. In addition, the co-signer must sign a "Notice to Co-signer".

- In the event that the borrower signs the promissory note section of the loan application and the lender requires the borrower to sign the computer-generated promissory note, the lender must either void one of the promissory notes OR mark one of the notes "Duplicate Original".

- Disbursement dates are no longer set by the lender for Stafford and SLS loans. These dates are established by the school and printed on the Notification of Loan Approval and Guarantee (the guarantee certificate). The lender is required, however, to be aware of and to adhere to the federal regulations governing disbursement of funds. The lender must continue to establish disbursement dates for Plus loans.

- The *Cumulative Balance* must be completed. If the lender holds another loan for the student, guaranteed by an agency other than CSLP, the prior Stafford Loan amount must be indicated by the "G=$" and the prior SLS or Plus loan amount must be indicated by the "P/S=$". If the lender does not hold any loans guaranteed by any agency other than CSLP, the amounts listed will be -0- (zero), in all cases.

- The approved loan amount must be indicated. If the application is transmitted via Suspense File Transfer, the school section remains blank. The lender is to use the student's requested loan amount to determine the loan approval amount.

- A SLS or Plus borrower may use the loan application for a request for deferment by checking the appropriate box in the borrower's section. If the borrower requests a deferment and is eligible for the deferment, the lender indicates that principal repayment is to be deferred.

- On the SLS and Plus loan applications, the lender is required to indicate the *Due Date of First Repayment.*. For a deferred SLS/Plus loan, this date is the first principal and interest payment date following the expiration of the deferment. For a SLS/Plus which is not deferred, this date must be within sixty (60) days of the final disbursement.

- The SLS/Plus borrower must indicate a preference as to how the interest, which accrues during an approved deferment, will be paid. The borrower may select monthly interest payments, quarterly interest payments or an accrual of interest, in which case the interest is capitalized (added to the principal) no more frequently than quarterly for in-school deferments. The lender may require any one of the options.

- The lender must indicate the lending institution's name, address and the lender's code issued by the Department of Education. The lender's signature must also be included.

- A lender may establish credit-worthiness standards to ensure that the borrower will be able to retire the debt in the required repayment period. The lender may not charge the cost of a credit analysis to the borrower.

Want to Know More? See:

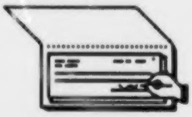
Title 34 of the Code of Federal Regulations, §682.206 and CSLP Rules and Regulations, Chapter III.

REJECT CODES
CSLP Ready Reference

CODE	REJECTION REASON	DESCRIPTION	RECONSIDERATION PROCESS
A	**Lending Institution Declines**	The lender approved $0 loan amount.	If information is incorrect, the lender must submit corrective information to CSLP
E	**U.S. Citizenship Requirements**	The student checked application item #6 "b" or "c". If "b" was checked, the school that certified the application is located in a foreign country, and the student is not a U.S. citizen or national. If "c" was checked, the student is not a U.S. citizen, national, or eligible alien.	Student must provide letter of appeal and provide documentation proving citizenship; i.e., birth certificate, alien registration (green) card, and social security card.
F	**Educational Institution Not Eligible**	The school is not eligible to participate in the SLS Loan Program, or the school's major course of study is not approved by USDE and/or CSLP.	None - Student should contact his/her FAO for other available financial aid.
G	**Maximum Guaranty**	The student/borrower has received total maximum guarantee: Stafford = $17,250 (undergraduates) = $54,750 (graduates or professional students); Parent = $20,000 (per dependent student, undergraduate or graduate); SLS - $20,000 (graduate/professional and eligible undergraduate students).	None - Student/borrower should contact his/her FAO for other available aid.
J	**Maximum for Academic Year**	The student/borrower is applying for more than the maximum amount allowed for an academic year: Stafford = $2625 for 1st and 2nd year undergraduates; = $4000 for 3rd, 4th, and 5th year undergraduates; and = $7500 for graduates; Parent = $4000 (per dependent student, undergraduate or graduate); SLS = $4000 (graduate/professional and eligible undergraduate students. Or the required interval between borrowing has not occurred.	None - If student's previous loan was cancelled or never disbursed, lender must provide corrective information.
K	**In Default or Delinquency with CSLP**	Student/borrower is currently in default or delinquent on a previous CSLP loan.	Student/borrower must contact the CSLP Preclaims or Account Resolution Department and resolve the delinquency or default before the new loan can be processed. Defaults must be paid in full in order to qualify for CSLP approval.
M	**Aid and Resources Greater than Cost of Education**	Cost of Education minus financial aid minus estimated family contribution is less than $200.00.	If information is incorrect, school must provide corrective information on student's cost of education, financial aid,. and estimated family contribution
P	**Lender is Not Approved for CSLP Guarantee**	Lender master record contains an unapproved or rejected status code.	None.

Q	**Minimum Guaranty**	Borrower amount requested or lender approved amount is greater than $0 but less than $200.00 for GSL/PLUS/SLS, or guaranty calculation is less than $200 for GSL/PLUS/SLS.	None - CSLP loans are not made for less than $200.00 for GSL/PLUS/SLS loans.
R	**Loan Periods or Academic Years Overlap**	Loan Period or Academic year overlaps with loan period or academic year on previous loan.	School must provide corrective information
S	**Previous Default**	Student/borrower marked he/she previously defaulted on a student loan.	If marked in error, the student/borrower must send a letter stating they "have never defaulted on any student loan and that they made an error on the application." They must have their signature and social security number on the letter. If student/borrower has defaulted, they should send a letter of explanation and documents from holder of the defaulted loan to the CSLP Appeals Committee. Defaults must be paid in full in order to qualify for CSLP approval.
T	**Application received after the end of the loan period or not eligible for SLS disbursement until after the end of the loan term.**	CSLP received the application, based on the date received, after the end of the loan period. Or corrective information was received after loan term end date. Or the student is not eligible for the SLS disbursements due to the borrowing interval requirements until after the loan term is over.	None - The student should contact the financial aid office for alternative financing. Loans submitted for guarantee after the end of the loan term are not eligible for late disbursement consideration. Unless unusual circumstances are involved, loans received prior to loan term end date, but are corrected after the loan term end date are also not eligible for late disbursement consideration. If the student is not eligible for the SLS disbursement until after the loan term ends due to the SLS borrowing interval, the student/school may appeal if the student did not receive the maximum amount in the previous academic year. SCHOOLS: If you online a loan application toward the end of the loan period, be aware that the loan application is not considered to be "received" until the Lender Section is complete.
U	**Student/borrower Received Previous Loan/Never Enrolled.**	CSLP previously approved a loan and our records indicate he/she received funds and never enrolled for the loan period.	If the student was enrolled when he/she received the previous loan, the school must send corrective information.
V	**PLUS LOAN ONLY: Parent cannot borrow for Independent Undergraduate**	Ineligible borrower.	School must provide corrective information.
W	**Borrower request or cost of education is equal to 0**	Borrower request amount is equal to 0 or the cost of education is equal to 0	None.
Z	**Incomplete for more than 180 days**	The application status has been incomplete for non-CSLP errors for more than 180 days.	If the student is still eligible they must re-apply on a new application.

DISBURSEMENTS
CSLP Ready Reference



- Loan proceeds must not be issued by the lender more than 30 days prior to the beginning of the loan period.

- The lender may not issue the loan check prior to receipt of the Notification of Loan Approval and Guarantee (guarantee certificate) from CSLP or prior to having a valid, signed promissory note.

- CSLP's late disbursement policy must be employed for disbursements after the loan period.

- Stafford Loan and Supplemental Loans for Students (SLS) checks must be sent to the school and made payable to the student or co-payable to the student and the school. Checks may be sent directly to students attending eligible foreign institutions.

- Plus Loan checks may be sent directly to the parent borrower and need not be multiply disbursed.

- Stafford Loan or SLS proceeds must be disbursed in two or more installments (multiple disbursements) regardless of the amount of the loan or the length of the period of enrollment for which the loan is made. None of these installments may exceed more than one-half of the loan.

- The second installment may not be disbursed until at least one-half of the loan period (i.e., the period of enrollment for which the loan is intended) has elapsed. For example, the second installment of a loan made for a six-month loan period may not be made earlier than three months following the beginning of the loan period. The second or subsequent disbursement may be made prior to the expiration of one-half of the loan period only if it is necessary for that disbursement to be delivered at the beginning of the next semester, quarter, or similar division of the institution's academic period. In that situation, the disbursement may be made up to 30 days prior to the beginning of the semester, quarter, or similar division.

- If the date on which the first disbursement is made occurs on or after the earliest date that the second disbursement could be made, the lender may deliver the proceeds of all disbursements on the loan using a single check.

- The lender is not required to set the disbursement dates. These dates are established by the school and printed on the Notification of Loan Approval and Guarantee (the guarantee certificate). The lender is required, however, to be aware of and to adhere to the federal regulations governing disbursement of funds.

- The lender is not permitted to disburse funds prior to the disbursement dates indicated on the guarantee certificate UNLESS the school requests, in writing, that a disbursement be made earlier than indicated.

- The insurance premium (guarantee fee) and the origination fee, if applicable, must be deducted proportionately from each disbursement. The individual fee amounts, as well as each check amount to be disbursed, are disclosed on the Notification of Loan Approval and Guarantee (guarantee certificate).

- The borrower's endorsement of the loan check is required. A power of attorney may not be used to replace the borrower's signature.

- For a student in a study abroad program, the school is permitted to use a direct deposit form to deposit the loan check into the student's bank account. This is acceptable in lieu of the student's endorsement on the Stafford Loan or SLS check.

- Upon disbursement of Plus loan funds, the lender must notify the school, within thirty (30) days that the disbursement has been made. The lender should identify the loan by indicating 1) the name of the borrower, 2) the name of the student on whose behalf the loan is made, 3) the amount of the loan, and 4) the name and address of the lender.

Want to Know More? See:

The Federal Student Financial Aid Handbook, "Dear Colleague" letters GEN-89-58, December 1989, and GEN-90-41, December 1990, *Title 34 of the Code of Federal Regulations*, §682.202, §682.206, §682.205, §682.207, CSLP Rules and Regulations, Chapter VII and VIII.

LATE DISBURSEMENTS

CSLP Ready Reference

Under certain circumstances, a lender, with the prior approval of the guarantee agency, may disburse after the student has ceased to be enrolled on at least a half-time basis or after the expiration date of the guarantee commitment. A guarantee agency may approve a lender's request to disburse under these circumstances only if the loan proceeds will be used for the student's cost of attendance for the period of enrollment for which the loan was intended and during which the student was actually enrolled on at least a half-time basis. If the lender, after receiving the guarantee agency's prior approval, makes a late disbursement, the lender shall give notice of that approval to the school at the time the lender sends the loan proceeds to the school. Under certain circumstances, CSLP grants prior approval for late disbursements for Stafford Loan and SLS's (see policy reproduced below).

STATE OF COLORADO **COLORADO STUDENT LOAN PROGRAM** **Policy # A 10**	**Effective Date:** 12/15/87 **Revision Date:** 10/26/90 **Replaces Policy:** # A 15

LATE DISBURSEMENT POLICY

Stafford and SLS

The Colorado Student Loan Program (CSLP) will process loan applications up to the last day of the student's loan period as certified by the school on the loan application.

Lenders will have up to forty-five (45) days from the end of the loan period in which to disburse the loan check to the school providing the loan application was approved by CSLP prior to the end of the loan period, and:

1. The student completed the loan period; and
2. The student has an outstanding tuition balance; and
3. The student agrees to endorse the loan check over to the school with the following provisions:
   (a) After endorsement, the school will deduct the outstanding tuition balance from the proceeds and refund directly to the student's lender any amount over and above the outstanding balance owed for the loan period; and
   (b) By endorsing the loan check, the student gives his/her permission to the school to follow the above procedure. Once this procedure is completed the student waives his/her right for further consideration regarding disbursement for educational non-tuition expenses.

The CSLP Late Disbursement Policy Letter #1 must accompany the loan check and Disclosure Statement. It is the responsibility of the lender to send these documents to the school. It is the school's responsibility to insure that the student completes the letter prior to release of the loan check. It is also the school's responsibility to retain the completed letter as a permanent record in the student's file.

The school must return the student loan check to the lender and the student submit a completed Late Disbursement Approval Request Form to the Appeals Committee if:

1. The loan check arrives after the end of the loan term and the above listed conditions are not met; or
2. The student does not have an outstanding tuition balance for the loan period; or
3. The student requests reimbursement of borrowed funds in addition to or instead of an outstanding tuition debt at the school; or
4. The student withdrew prior to the end of the loan period and has not received any disbursement(s) for that period.
5. Late disbursement must be applied for on the CSLP Late Disbursement Request form and must be received by the CSLP Appeals Committee within sixty (60) days of the end of the student's loan period or date of withdrawal.
6. Verification of outstanding education debts and any other relevant data must accompany the CSLP Late Disbursement Request form in order to be considered by the CSLP Appeals Committee.

The Borrower/Student is NOT eligible for late disbursement consideration if:

1. The loan application is not approved prior to the end of the loan period,
2. The student withdraws and has already received one disbursement,
3. The student was enrolled for 30 days or less and withdraws.

PLUS

The Colorado Student Loan Program will process PLUS loans for parent borrowers up to the last day of the student's loan period as certified by the educational institution on the loan application.

PLUS loans approved by CSLP but not disbursed before the end of the loan period or student's withdrawal date cannot be disbursed without late disbursement approval from CSLP.

1. To be eligible for late disbursement approval the parent borrower must have outstanding educational debts on behalf of the student.
2. Late disbursement must be applied for on the CSLP Late Disbursement Request form and must be received by the CSLP Appeals Committee within sixty (60) days of the end of the student's loan period or date of withdrawals.
3. Verification of outstanding educational debts and any other relevant data must accompany the CSLP Late Disbursement Request form in order to be considered by the CSLP Appeals Committee.

The Appeals Committee reserves the right to approve or deny any Late Disbursement Approval Request which is submitted.

All decisions of the Appeals Committee are final.

BY: Robert Fomer

Want to Know More? See:

Title 34 of the Code of Federal Regulations 682.207(d), *CSLP Policies* #A-10 (12/15/87, revised 10/26/90), and "Dear Colleague" letters GEN-89-58, December 1989, and GEN-90-33, September 1990.

INSURANCE PREMIUM BILLING

CSLP Ready Reference

The insurance premium (guarantee fee) is a fee which the student pays CSLP for processing and insuring the loan. The lender may deduct the fee due from the borrower's loan check at the time of disbursement. The insurance premium must be deducted proportionately from each disbursement.

The insurance premium (guarantee fee) billing is generated by CSLP on the fifteenth (15th) of each month. The lender is billed the insurance premium for all disbursements which occurred in the previous month. For example, an October fee billing bills for all disbursements scheduled to occur in September. The lender is expected to pay this bill no later than the last day of the month in which the billing is received.

The following is a sample of the information provided on the first page of the insurance premium billing:

SUBJECT: GUARANTEE FEES FOR DECEMBER 1991 DISBURSEMENTS

NEW DISBURSEMENTS FOR MONTH.................... NUMBER: 958 DOLLAR VALUE: $1,371,977.00

TOTAL AMOUNT OF GUARANTEE FEES BILLED	**36,894.48**
LESS AMOUNT OF ADJUSTED PREVIOUSLY BILLED GUARANTEE FEES	**514.93**
NET AMOUNT OF GUARANTEE FEES	**36,379.55**
AND UNPAID BALANCE FROM PREVIOUS INVOICE(S)	**3,538.85**
GUARANTEE FEE AMOUNT PAYABLE, AND DUE UPON RECEIPT	**39,918.40**

HELPFUL HINTS

- The billing is based on total guarantee fees, not on individual loans, and is provided for the lender's internal reconciliation.
- The amount indicated for "Less Amount of Adjusted Previously Billed Guarantee Fees" are refunds or adjustments of guarantee fees already billed as a result of disbursement cancellations or changes in disbursement amounts
- In the event that a lender only pays a portion of the amount due, CSLP has no way of knowing which student's guarantee fees were paid. Only totals are carried over from one bill to another.
- For originations (disbursements) the billing runs from the first of the month to the end of the month.
- For adjustments and cancellations the billing runs from the 15th of the month to the 15th of the following month.

➠ A disbursement does not appear on the guarantee fee billing if a Lender's Manifest is received by CSLP no later than the tenth (10th) day of the month following the scheduled disbursement date. For example, the disbursement is scheduled for October 21st; CSLP receives a manifest cancelling the disbursement no later than November 10th; the disbursement will not appear on the guarantee fee filling for the October disbursements.

The rest of the billing is a breakdown of borrowers for first, second and third disbursements, adjustments and cancellations. This list of borrowers is provided only at the time of each disbursement, at the time the adjustment is made, or at the time of the cancellation. A borrower's name is not carried over to the next month's billing.

The borrower breakdown is in alphabetical order within each loan type. All of the Stafford Loans are printed first, then SLS, followed by Plus loans. The following sequence appears within each loan type:

- ☆ Old adjustments, on loans guaranteed prior to April 1, 1989.
- ☆ First disbursements, first disbursement adjustments, first disbursement cancellations.
- ☆ Second disbursements, second disbursement adjustments, second disbursement cancellations.
- ☆ Third disbursements, third disbursement adjustments, third disbursement cancellations.

The following column headings appear on the borrower breakdown, beginning with page two of the report:

BORROWER SSN & BORROWER NAME	The borrower's name and SSN as they appear on the *Notification of Loan Approval and Guarantee* (guarantee certificate).
ADJUSTMENT FILE #	For any loan guaranteed on or after April 1, 1989, this is the creator number, assigned to the loan at the time of guarantee and printed on the guarantee certificate. For loans guaranteed prior to April 1, 1989, it is the file number.
GUARANTEE AMOUNT	This represents the total (gross) guaranteed loan amount, after any adjustments or cancellations, if applicable.
ESTIMATED DATE	The estimated disbursement date as printed on the guarantee certificate.
DISBURSEMENT AMT.	The individual (gross) disbursement amount.
AMOUNT BILLABLE	The applicable insurance premium per disbursement, or per guaranteed amount if the loan is not multiply disbursed. This also is the fee due and payable after adjustments have been made (ie: overaward adjustments). The billable amount is -0- in the event of a disbursement or total loan cancellation.
PREV. BILLED	This is the amount of insurance premium billed for on a previous billing. For adjusted loans (ie: overaward adjustments) the difference between the Prev. Billed and the Amount Billable is the amount credited to the lender OR the amount due and payable if the loan amount increased. For cancelled disbursements, this is the originally billed insurance premium.
DISB #/TYPE	This indicates first, second or third disbursement. The type refers to the transaction; disbursement, adjustment or cancellation.
NET TO INVOICE	The amount of insurance premium due and payable or, if the amount is in parenthesis, the amount credited to the lender's account.

SECTION II: THE LENDER, Loan Servicing

Tabular Table of Contents*

Tab Summary:

Reporting requirements and procedures relating to the servicing of the loans are examined under this tab heading.

CSLP Ready References:

ORDER	TITLE	NUMBER	DATE	NEW ✓
1.	Cancellations vs. Refunds	RR039	February 28, 1992	✓
2.	Lender's Manifest	RR057	February 28, 1992	✓
3.	Reinstatement of Grace Period	RR058	February 28, 1992	✓
4.	Loan Sales	RR056	February 28, 1992	✓
5.	Interest & Special Allowance	RR045	February 28, 1992	✓
6.	Special Allowance Rates (12/84-12/89)	RR089	February 28, 1992	✓
7.	Special Allowance Rates (3/90 - current quarter)	RR090	February 28, 1992	✓

Also see CSLP Ready References:

TITLE	LOCATION IN CSLP TRAINING MANUAL
Leaves of Absence	SECTION III: THE SCHOOL, Enrollment Status

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[*] The *Tabular Table of Contents* establishes a recommended order for the *CSLP Ready References* inserted behind this tab heading. New and revised *CSLP Ready References* are designated with a (✓) in the NEW column. Revisions are designated by date. *CSLP Ready References* with older dates are obsolete but may be retained for historical reference.

CANCELLATIONS VS. REFUNDS

CSLP Ready Reference

CANCELLATIONS

For **STAFFORD LOANS**, federal regulations stipulate that when the lender receives the face amount of the check, the check is not cashed, or the actual check is returned within 120 days of the date of the disbursement, the lender must cancel the disbursement in full. *The 120-Day Rule*, as this is known, applies to single disbursements or entire loans. In this event, the insurance premium and the origination fee attributable to the disbursement are cancelled as well.

REPORTING REQUIREMENTS

- The lender must report the cancelled disbursement to CSLP on the Lender's Manifest (CSLP Form #112).
- If only one disbursement is being cancelled, it should be reported as a *Partial Cancellation*. CSLP will cancel the most recent disbursement first.
- If the lender wants to cancel the entire loan, a *Full Cancellation* must be reported. (Note: CSLP does not automatically cancel the entire loan if the lender reports a *Partial Cancellation* for the first disbursement only.)

CANCELLATION OF INSURANCE PREMIUM AND ORIGINATION FEE

- ➡ CSLP automatically refunds the Insurance Premium attributable to a cancelled disbursement upon notification of a *Partial Cancellation.*
- ➡ The entire Insurance Premium is refunded upon notification of a *Full Cancellation.*
- ➡ Insurance Premium refunds appear as a credit to the **originating lender's** next Insurance Fee Invoice.
- ➡ In order to receive a refund of the origination fee, the lender must make an adjustment in Part II, Origination Fee Section, of the *Lender's Interest and Special Allowance Request and Report* (ED Form 799).

REFUNDS

If the face amount of the student loan check is received by the lender more than 120 days from the date of the disbursement, or if the lender receives a refund from the school, the lender shall apply these funds to the borrower's outstanding principal balance. The borrower continues to be responsible for the insurance premium and the origination fee.

REPORTING REQUIREMENTS

- The principal reduction is to be reported to CSLP on the Lender's Manifest as a *Principal Prepayment.*
- CSLP will apply the *Principal Prepayment* to the total loan identified by the creator number on the Lender's Manifest.

ADDITIONAL INSTRUCTIONS

In the event that the school sends a refund to the lender in excess of the face amount of the second disbursement, but less than the amount needed to cancel or pay in full the total loan, the lender may need to report the reduction in principal as both a *Partial Cancellation* as well as a *Principal Prepayment*.

EXAMPLE: Two disbursements are made for a Stafford Loan in the amount of $2,625. The net amount of the first disbursement equals $1,207.96 and the second equals $1,207.04. The lender receives a refund from the school within 120 days of the second disbursement, in the amount of $2,000.

The lender should cancel the second disbursement by reporting a *Partial Cancellation* to CSLP. The Insurance Premium will be credited to the lender's next Insurance Premium billing. The lender may make an adjustment to the next *Interest and Special Allowance* billing (ED Form 799) to receive a refund of the Origination Fee.

PARTIAL CANCELLATION
(2nd disb. cancelled)
$2,000.00
-1,207.04
$ 792.06

The refund amount remaining is to be applied to the gross amount of the first disbursement ($1,313) as a *Partial Prepayment*. This principal reduction does not change the amount of Insurance Premium or the Origination Fee attributable to this first disbursement. The lender reports the transaction to CSLP via the Lender's Manifest. The borrower's principal amount of Stafford loan outstanding is $520.94.

PARTIAL PREPAYMENT
(1st disb. reduced)
$1,313.00
- 792.06
$ 520.94

SLS AND PLUS LOAN

- In the event that the lender receives the disbursement check in return from the school for an SLS or a Plus Loan the lender shall cancel the disbursement or the total loan, whichever applies.
- If the lender receives the face amount of the SLS or Plus Loan disbursement within 120 days of the date of the disbursement, it is the lender's option whether or not to cancel the disbursement or to apply the funds to the loan as a *Partial Prepayment*.
- The lender may only charge the Plus Loan/SLS borrower for the interest which has accrued on the loan since the date of disbursement, if the lender applies the funds received as a *Partial Prepayment*. This transaction does not relieve the borrower of the responsibility of the Insurance Premium.
- The lender must waive any outstanding interest of a cancelled Plus Loan/SLS disbursement.

SPECIAL NOTE

The lender is required to monitor all disbursements to ensure that a Stafford Loan, SLS, or Plus Loan check is cancelled if the check is not negotiated within 120 days of the date of disbursement.

Want to Know More? See:

CSLP *Rules and Regulations Manual* and *Title 34 of the Code of Federal Regulations*, §682.202(c)(4), §682.300(b)(2), §682.302(d)(1), §682.401(b)(6), and §682.406(a)(2).

LENDER'S MANIFEST

CSLP Ready Reference

The Lender's Manifest (CSLP Form 112) is to be used to report status changes on Stafford, SLS and Plus loans to CSLP. The lender is required to report such changes within thirty (30) days of the date the lender becomes aware of the status change. Detailed instructions, for each transaction, are indicated on the back of the form. The following instructions clarify the proper usage of particular transaction codes.

CODE	TRANSACTION	INSTRUCTIONS
A =	PRINCIPAL PREPAYMENT	❖ This is a principal reduction which occurs after the loan has been completely disbursed, such as a payment made by the borrower before the grace period expires on the Stafford Loan. ❖ Any refund from the school, which is to be applied to the principal of a Stafford, SLS or Plus loan is to be reported as a principal prepayment. It is possible for a refund to be received by the lender after a Stafford Loan has converted to repayment and after a SLS or Plus loan has commenced regular interest and principal repayment. ❖ The "Amount" reported must reflect the amount of the prepayment.
B=	CONVERSION	The only circumstance for which the lender reports conversion information is if a deferment (either "E" or "M") terminates prior to the reported deferment end date. Regular conversion notification is sent to the lender, from CSLP, and is based on the last reported out-of-school date.
D =	NEW GRADUATION DATE	❖ Reporting of a new, **anticipated** graduation date, which is either earlier or later than the last reported graduation date, necessitates the use of this code. ❖ It is used only for Stafford Loans where the grace period has not expired and for SLS and Plus loans which have been deferred, based on in-school status, since the origination of the loan (regular principal and interest payments have not been required). ❖ Should the graduation date be extended due to a school transfer and such attendance commences before the expiration of the grace period on the Stafford Loan, the lender must also report the transfer, on a separate line, using the "SCHOOL CHANGE" code. ❖ For the SLS and Plus loan, transferring to a new school terminates the original in-school deferment If an in-school deferment is granted on the "old" loan for attendance at the new school, the lender reports this using the "E DEFERMENT" code and does not provide the school transfer information.
E =	DEFERMENT	❖ Deferments granted on loans which have entered regular principal and interest repayment must be reported, using this code. It is crucial that the lender indicate the deferment end date.

		◆ If the deferment end date is extended, the lender again reports the deferment, using this code, and indicates the new deferment end date. ◆ If the deferment terminates earlier than originally reported, the lender is to report this as a "CONVERSION".
F =	PAID-IN-FULL	This code is used only when the borrower pays the loan in full. It is **NOT** to be used to report: ◆ loans sold to another holder; ◆ loans paid-off by consolidation; ◆ loans included in a claim payment from CSLP; and ◆ loans deemed to be made to an ineligible borrower or made under fraudulent circumstances and CSLP has purchased the loans from the lender.
G =	FULL CANCELLATION	This code is used when cancelling the total loan. It must be used when cancelling the first disbursement of a loan, so that all disbursements on the loan are cancelled. The amount must be the total guaranteed amount of the loan.
H =	PARTIAL CANCELLATION	◆ This code is to be used when cancelling the second and/or subsequent disbursements on a loan, but the first disbursement remains outstanding. ◆ The second and subsequent disbursements on the same loan, may be cancelled, using one line entry. In the comment section of the form, explain that the principal to be cancelled represents the second and subsequent disbursements. ◆ **DO NOT** use this code to cancel the first disbursement and then the same code to cancel the second disbursement. ◆ On the rare occasion when the first disbursement must be cancelled, but the second disbursement must remain outstanding, indicate a partial cancellation for the guaranteed amount of the first disbursement and add a comment explaining that only the first disbursement is to be cancelled.
M =	DEFERMENT PRIOR TO REPAYMENT	◆ This is a special deferment category for deferments granted on loans which have not entered regular principal and interest repayment. ie: A Stafford borrower becomes eligible for a military deferment before the grace period expires. The lender begins the military deferment immediately following the expiration of the grace period, thus principal and interest payments are not required before the commencement of the deferment. ◆ All SLS and Plus loans, indicated as being deferred when CSLP processes the loan application, are automatically considered to be "M deferments". ◆ If a deferment is not granted on a SLS or Plus loan, because of an error, at the time of origination AND if the deferment is granted before the first principal and interest due date, the lender should report the deferment using this code.
Q =	REFINANCED	Don't forget this one! When a fixed-rate SLS or Plus loan is refinanced to secure a variable rate, the lender must report this transaction.

REINSTATEMENT OF GRACE PERIOD

CSLP Ready Reference

When CSLP receives information from a school or lender that a student is out of school (withdrawn, graduated, dropped to less-than-half-time) or when the current anticipated graduation date, as carried on the CSLP system, has arrived, the CSLP system automatically performs the following activities for the Stafford Loan:

- Calculates the grace period for all "in-school status" Stafford loans for that particular student;
- Generates an *Out-of-School Notification* to both the student and to each of the student's lenders; and
- Converts the Stafford Loan(s) to repayment status at the expiration of the calculated grace period and notifies the lender of the conversion.

It is very important, therefore, that updates to enrollment status and new graduation dates be reported to CSLP on Stafford Loans prior to the conversion to repayment. In practicality, however, lenders receive information from schools after the conversion date which certifies that the student returned to school, at least half-time, before the expiration of his/her grace period.

In the event that the lender receives information indicating the student never fully used the grace period, after CSLP has converted the loan to repayment, CSLP must be notified of the new enrollment status (with anticipated graduation date) in order for the in-school/grace status to be reinstated.

The *Lender's Manifest* is not conducive to reporting this information to CSLP. This reversal of status requires a manual transaction which must be loan-specific. The following information must be included in a letter or memo addressed to CSLP Operations Department, in order to reinstate the grace period:

- A statement from the lender that the student has not fully used the grace period on the identified loan(s);
- The student's name and SSN;
- The creator number for the Stafford Loan(s) affected; and
- One of the following dates:
    - The anticipated graduation date (a future date), to be used for calculating the beginning of the next grace period, or
    - The last date of attendance (a past date), to be used for calculating the beginning of the current grace period and anticipated conversion to repayment.

If the student's enrollment is also being extended, the lender should indicate the future anticipated graduation date as well as the school code. This action causes the student's name to be added to the CSLP Student Status Confirmation Report and semi-annual verification of the student's status resumes.

Want to Know More? See:

CSLP Bulletin, Vol. 91, No. 5b, dated October 22, 1991.

LOAN SALES

CSLP Ready Reference

Permission must be obtained from CSLP prior to selling any Stafford, SLS or Plus loan to another participating lender or student loan holder. At least fifteen (15) days prior to the date of the sale, the lender must submit the Loan Sale Notification and Approval Form (CSLP Form 302) to CSLP with an estimate of the principal amount to be sold Once the sale is approved by CSLP, copies of the signed Loan Sale Notification and Approval Form are sent to the selling institution and to the purchaser.

The purchasing lender or holder is required to complete and submit to CSLP a Loan Transfer Statement (CSLP Form 300), or other approved format, within thirty (30) days after the sale. This form enables CSLP to change the current holder on each loan included in the sale transaction. The following information must be transmitted for each borrower:

Borrower's Name & SSN
File or Creator Number
Type of Loan
Original Principal Balance

Neither the selling institution, nor the purchasing institution shall attempt to report loans sold to CSLP via the Lender's Manifest (CSLP Form 112). Occasionally the selling institution reports loans sold as "Paid-In-Full" on the Lender's Manifest. This erroneous report results in the loans being indicated as paid-in-full on the CSLP system, when in fact, the loans remain outstanding at a new holder. The Loan Transfer Statement, or other approved format, is all that is required in order to inform CSLP that loans have been sold to a new holder.

Each promissory note must be assigned to the purchaser. A blanket endorsement letter may be used and a copy attached to each note.

EFFECTIVE NOVEMBER 10, 1991

If the assignment* of a Stafford, SLS or Plus loan results in a change in the identify of the party to whom the borrower must send subsequent payments, the seller and the purchaser of the loan must notify the borrower. The borrower must be notified no later than 45 days from the date the purchaser becomes the legal holder of the loan. The seller and the purchaser are equally responsible to provide notice to the borrower of:

- ☐ The assignment;
- ☐ The identity of the purchaser;
- ☐ The name and address of the entity to whom subsequent payments must be sent; and
- ☐ The telephone numbers of both the seller and the purchaser OR for the contacts, such as a servicer, which will most assist the borrower.

The seller and the purchaser may provide the notice to the borrower either separately or jointly. If both institutions provide separate notices, each notice must indicate that a corresponding notice will be sent by the other party involved in the assignment. The purchaser may act as the seller's agent in providing the notice to the borrower.

CSLP is considering allowing the use of a certification statement by lenders to attest that the required assignment notification has been sent to the borrower, rather than requiring that a copy of each letter be maintained in each borrower's file.

* The federal definition of *assignment* is "any kind of transfer of an interest in the loan, including a pledge of such an interest as security" [*Title 34 of the Code of Federal Regulations*, §682.401(b)(9)(ii)].

PAYMENT OF FEES

When a loan is sold, it is the responsibility of the originating lender to pay, the insurance premium (guarantee fee). The originating lender and the purchaser decide which entity is responsible for paying the origination fee to the Department. The purchaser, when buying the loan, pays the originating lender the gross amount of the loan, which may create a surplus of funds. This surplus ceases to exist, however, when the originating lender pays the origination fee to the Department and pays the insurance premium to CSLP.

If the loan is partially or fully cancelled within 120 days of the date of disbursement and after the loan has been sold, the following steps must be followed, in relation to paying and adjusting the fees:

☐ Generally, the originating lender pays the origination fee to the Department by reporting the collected fee in Part II: Origination Fees, of the *Lender's Interest and Special Allowance Request and Report* (ED Form 799).

☐ The purchaser reports the cancellation on the 799 Form and receives the refund of the origination fee.

☐ The originating lender pays the insurance premium to CSLP.

☐ The purchaser reports the cancellation to CSLP via the Lender's Manifest (CSLP Form 112).

☐ CSLP refunds the insurance premium to the originating lender's account.

☐ The originating lender is to send the refunded insurance premium to the purchaser.

Want to Know More? See:

Title 34 of the Code of Federal Regulations, §682.208 and §682.401,.CSLP Rules and Regulations, Chapter III and CSLP Alert, Vol. 91 No. 14a, dated October 22, 1991.

INTEREST & SPECIAL ALLOWANCE

CSLP Ready Reference

INTEREST is paid on a Stafford Loan by the U. S. Department of Education if the student is in school, in grace, or in deferment. The lender bills for the interest by completing *Part III: Interest Benefits* of the *Lender's Interest and Special Allowance Request and Report* (ED Form 799). This report is to be completed and submitted to the U. S. Department of Education on a quarterly basis.

SPECIAL ALLOWANCE is an additional amount paid to the lender by the U. S. Department of Education. Special allowance is paid on all eligible loans (Stafford, SLS, Plus and Consolidation); loans for which the borrower is in school, in grace, in deferment, in forbearance or in repayment. The special allowance rate fluctuates with the average of the 91-day Treasury Bill. The lender bills for the special allowance by completing *Part IV: Special Allowance* of the *Lender's Interest and Special Allowance Request and Report* (ED Form 799). An eligible loan qualifies for special allowance until:

- The loan is paid in full.
- A claim is denied by the guarantor.
- The claim is paid by the guarantor.
- The guarantee or insurance on the loan is terminated.

STUDENT LOAN YIELD. The yield on a student loan is the total interest plus the special allowance. Depending on when the loan was made, the yield may vary. Since the special allowance fluctuates with the 91-day Treasury Bill, the yield changes each quarter. These loan categories have different yields:

● Loans disbursed prior to 10/01/81:	Average of 91-day T-Bill + 3.5% rounded up to the nearest 1/8th of 1%
● Loans disbursed on or after 10/01/81, and prior to 11/16/86:	Average of 91-day T-Bill + 3.5%
● Loans disbursed under the sequester order, Gramm-Rudman-Hollings Bill:	Average of 91-day T-Bill + 3.1% or + 3.0%
● Loans disbursed on or after 11/16/86 (enrollment periods began on or after 11/16/86 also):	Average of 91-day T-Bill + 3.25%

VARIABLE RATE PLUS LOANS & SLS'S qualify for special allowance payments if the average of the 52-week Treasury Bill plus 3.25% exceeds 12%. Special allowance is actually paid on these loans if the quarterly yield rates, indicated above, exceed 12%.

EXAMPLE: The average of the 52-week Treasury Bill plus 3.25% exceeded 12% for the period ending 06/30/89, thus the variable rate Plus Loans and SLS's qualified for special allowance payments from 07/01/89 to 06/30/90. The quarterly yields, however, never exceeded 12% during that period of time, therefore these loans were not eligible for special allowance payments.

Average of 52-week T-Bill (for period ending 6/30/89) = 9.15%

Average of 52-week T-Bill + 3.25% = 12.40%

QUARTERLY YIELDS FOR LOANS DISBURSED ON OR AFTER 11/16/86	
09/89	11.37%
12/89	11.14%
03/90	11.28%
06/90	11.28%

GRAMM-RUDMAN-HOLLINGS BILL, or the Sequester Order, affects Stafford Loans by increasing the origination fee to 5.5% and affects all loans by reducing the amount of special allowance paid to the lender. The Sequester Order was in effect for loans where the first disbursement occurred during the following periods:

- March 01, 1986 - September 30, 1986 (Yield equalled Average of 91-day T-Bill + 3.1%)
- October 01, 1989 - December 31, 1989 (Yield equalled Average of 91-day T-Bill + 3.0%)

Loans affected by the Gramm-Rudman-Hollings Bill are to be reported separately in *Part II: Origination Fees* and *Part IV: Special Allowance* of the *Lender's Interest and Special Allowance Request and Report* (ED Form 799). These loans are to be tracked in Part IV for four (4) quarters from the date of the first disbursement.

EXAMPLE: For a loan disbursed 10/15/89 ($2,000) and 01/02/90 ($2,000), the loan will be tracked as a Gramm-Rudman loan for the following quarters:

December, 1989, Billing:	$2,000	June, 1990, Billing:	$4,000
March, 1990, Billing:	$4,000	September, 1990, Billing:	$4,000

During these four (4) quarters, the yield on the loan is the average of the 91-day T-Bill + 3.0%. As of October 1, 1990, the entire loan is included in loans made on or after 11/16/86 and receives the yield for such loans: average of 91-day T-Bill + 3.25%.

AVERAGE DAILY BALANCE. Lenders are required to provide the average daily balance when billing for interest and special allowance. In order to determine the average daily balance, the lender must maintain daily principal balances outstanding (by category and interest rate) for all eligible loans.

FORMULA:
A = Total of Daily Principal Balances
B = Total Number of Days in Billing Period*
C = AVERAGE DAILY BALANCE
D = Annual Interest Rate
E = TOTAL INTEREST DUE

STEP 1: $\frac{A}{B} = C$

STEP 2: $\frac{(C \times D \times B)}{365} = E$

* FOR QUARTER ENDING	THE TOTAL NUMBER OF DAYS ARE	DAYS FOR A LEAP YEAR
March 31	90	91
June 30	91	91
September 30	92	92
December 31	92	92

NOTE: Lender payments are calculated by the U. S. Department of Education based upon a 365-day year, excepting leap years which are calculated at 366 days (91 days in the quarter ending March 31). A lender who chooses instead to use 365.25 days must do so for four consecutive years.

Want to Know More? See:

Higher Education Act §438 and *Title 34 of the Code of Federal Regulations*, §682.300, §682.302, §682.303 and §682.304. For detailed instructions on how to complete the *Lender's Interest and Special Allowance Request and Report* (ED Form 799) refer to the *799 EXPLANATION Self-Instructional Workbook* developed by the U. S. Department of Education. Copies of this workbook may be requested from CSLP.

SPECIAL ALLOWANCE RATES (12/84-12/89)

CSLP Ready Reference

QUARTER ENDING	DISBURSEMENT DATES	GUARANTEED STUDENT LOANS						QUARTERLY YIELD
		7%	8%	9%	10%	11%	12%	
12/31/84	Prior to 10/1/81	5.75%	-	3.75%	-	-	-	12.75%
	10/1/81-	5.71%	4.71%	3.71%	-	-	0.71%	12.71%
3/31/85	Prior to 10/1/81	5.00%	-	3.00%	-	-	-	12.00%
	10/1/81-	4.96%	3.96%	2.96%	-	-	-	11.96%
6/30/85	Prior to 10/1/81	4.375%	-	2.375%	-	-	-	11.375%
	10/1/81-	4.25%	3.25%	2.25%	-	-	-	11.25%
9/30/85	Prior to 10/1/81	3.875%	-	1.875%	-	-	-	10.875%
	10/8/81-	3.84%	2.84%	1.84%	-	-	-	10.84%
12/31/85	Prior to 10/1/81	4.00%	-	2.00%	-	-	-	11.00%
	10/1/81-	3.88%	2.88%	1.88%	-	-	-	10.88%
3/31/86	Prior to 10/1/81	3.625%	-	1.625%	-	-	-	10.625%
	10/1/81-2/28/86	3.56%	2.56%	1.56%	-	-	-	10.56%
GR[*]	3/1/86-9/30/86	3.16%	2.16%	1.16%	-	-	-	10.16%
6/30/86	Prior to 10/1/81	2.875%	-	0.875%	-	-	-	9.875%
	10/1/81-2/28/86	2.78%	1.78%	0.78%	-	-	-	9.78%
GR[*]	3/1/86-9/30/86	3.16%	2.16%	1.16%	-	-	-	9.38%
9/30/86	Prior to 10/1/81	2.25%	-	0.25%	-	-	-	9.25%
	10/1/81-2/28/86	2.15%	1.15%	0.15%	-	-	-	9.15%
GR[*]	3/1/86-9/30/86	1.75%	0.75%	-	-	-	-	8.75%
12/31/86	Prior to 10/1/81	2.125%	-	0.125%	-	-	-	9.125%
	10/1/81-2/28/86, 10/1/86-11/15/86	2.01%	1.01%	0.01%	-	-	-	9.01%
GR[*]	3/1/86-9/30/86	1.61%	0.61%	-	-	-	-	8.61%
	11/16/86-	1.76%	0.76%	-	-	-	-	8.76%
3/31/87	Prior to 10/1/81	2.25%	1.25%	0.25%	-	-	-	9.25%
	10/1/81-2/28/86, 10/1/86-11/15/86	2.19%	1.19%	0.19%	-	-	-	9.19%
GR[*]	3/1/86-9/30/86	1.79%	0.79%	-	-	-	-	8.79%
	11/16/86-	1.94%	0.94%	-	-	-	-	8.94%
6/30/87	Prior to 10/1/81	2.50%	-	0.50%	-	-	-	9.50%
	10/1/81-2/28/86, 10/1/86-11/15/86	2.42%	1.42%	0.42%	-	-	-	9.42%
GR[*]	3/1/86-9/30/86	2.02%/1.00%	1.02%	0.02%	-	-	-	9.02%
	11/16/86-	2.17%	1.17%	0.17%	-	-	-	9.52%

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[*] Gramm Rudman Loans

QUARTER ENDING	DISBURSEMENT DATES	GUARANTEED STUDENT LOANS 7%	8%	9%	10%	11%	12%	QUARTERLY YIELD
9/30/87	Prior to 10/1/81	2.87%	-	0.87%	-	-	-	9.87%
	10/1/81-11/15/86	2.77%	1.77%	0.77%	-	-	-	9.77%
	11/16/86-	2.52%	1.52%	0.52%	-	-	-	9.52%
12/31/87	Prior to 10/1/81	2.75%	-	0.75%	-	-	-	9.75%
	10/1/81-11/15/86	2.67%	1.67%	0.67%	-	-	-	9.67%
	11/16/86-	2.42%	1.42%	0.42%	-	-	-	9.42%
3/31/88	Prior to 10/1/81	2.50%	1.50%	0.50%	-	-	-	9.50%
	10/1/81-11/15/86	2.43%	1.43%	0.43%	-	-	-	9.43%
	11/16/86-	2.18%	1.18%	0.18%	-	-	-	9.18%
6/30/88	Prior to 10/1/81	3.00%	2.00%	1.00%	-	-	-	10.00%
	10/1/81-11/15/86	2.94%	1.94%	0.94%	-	-	-	9.94%
	11/16/86-	2.69%	1.69%	0.69%	-	-	-	9.69%
9/30/88	Prior to 10/1/81	3.75%	2.75%	1.75%	-	-	-	10.75%
	10/1/81-11/15/86	3.74%	2.74%	1.74%	-	-	-	10.74%
	11/16/86-	3.49%	2.49%	1.49%	-	-	-	10.49%
12/31/88	Prior to 10/1/81	4.50%	-	2.50%	-	-	-	11.50%
	10/1/81-11/15/86	4.49%	3.49%	2.49%	-	-	-	11.49%
	11/16/86-	4.24%	3.24%	2.24%	1.24%	0.24%	-	11.24%
3/31/89	Prior to 10/1/81	5.375%	-	3.375%	-	-	-	12.375%
	10/1/81-11/15/86	5.37%	4.37%	3.37%	-	-	-	12.37%
	11/16/86-	5.12%	4.12%	3.12%	2.12%	1.12%	0.12%	12.12%
6/30/89	Prior to 10/1/81	5.25%	-	3.25%	-	-	-	12.25%
	10/1/81-11/15/86	5.23%	4.23%	3.23%	-	-	0.23%	12.23%
	11/16/86-	4.98%	3.98%	2.98%	1.98%	0.98%	-	11.98%
9/30/89	Prior to 10/1/81	4.625%	-	2.65%	-	-	-	11.65%
	10/1/81-11/15/86	4.62%	3.62%	2.62%	-	-	-	11.62%
	11/16/86-	4.37%	3.37%	2.37%	1.37%	0.37%	-	11.37%
12/31/89	Prior to 10/1/81	4.50%	-	2.50%	-	-	-	11.50%
	10/1/81-11/15/86	4.39%	3.39%	2.39%	-	-	-	11.39%
GR*	10/1/89-12/31/89	3.89%	2.89%	1.89%	0.89%	-	-	10.89%
	11/16/86-9/30/89, 1/1/90-	4.14%	3.14%	2.14%	1.14%	0.14%	-	11.14%

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* Gramm Rudman Loans

SPECIAL ALLOWANCE RATES

CSLP Ready Reference

QUARTER ENDING	DISBURSEMENT DATES	7%	8%	GUARANTEED STUDENT LOANS 9%	10%	11%	12%	QUARTERLY YIELD
3/31/90	Prior to 10/1/81	4.625%	-	2.625%	-	-	-	11.625%
	10/1/81-11/15/86	4.53%	3.53%	2.53%	1.53%	0.53%	-	11.53%
GR*	10/1/89-12/31/89	4.13%	3.13%	2.13%	1.13%	0.13%	-	11.13%
	11/16/86-9/30/89, 1/1/90-	4.28%	3.28%	2.28%	1.28%	0.28%	-	11.28%
6/30/90	Prior to 10/1/81	4.625%	-	2.625%	-	-	-	11.625%
	10/1/81-11/15/86	4.53%	3.53%	2.53%	1.53%	0.53%	-	11.53%
GR*	10/1/89-12/31/89	4.13%	3.13%	2.13%	1.13%	0.13%	-	11.13%
	11/16/86-9/30/89, 1/1/90-	4.28%	3.28%	2.28%	1.28%	0.28%	-	11.28%
9/30/90	Prior to 10/1/81	4.25%	-	2.25%	-	-	-	10.25%
	10/1/81-11/15/86	4.24%	3.24%	2.34%	1.24%	0.24%		11.24%
GR*	10/1/89-12/31/89	3.74%	2.74%	1.74%	0.74%	-	-	10.74%
	11/16/86-9/30/89, 1/1/90-	3.99%	2.99%	1.99%	0.99%	-	-	10.99%
12/31/90	Prior to 10/1/81	3.75%	-	1.75%	-	-	-	10.75%
	10/1/81-11/16/86	3.71%	2.71%	1.71%	0.71%	-	-	10.71%
	11/16/86-	3.46%	2.46%	1.46%	0.46%	-	-	10.46%
3/31/91	Prior to 10/1/81	2.75%	-	0.75%	-	-	-	9.75%
	10/1/81-11/16/86	2.724%	1.724%	0.724%	-	-	-	9.724%
	11/16/86-	2.47%	1.47%	0.47%	-	-	-	9.47%
6/30/91	Prior to 10/1/81	2.37%	-	1.37%	-	-	-	9.37%
	10/1/81-11/16/86	2.26%	1.26%	0.26%	-	-	-	9.265
	11/16/86-	2.01%	1.01%	0.01%	-	-	-	9.01%
9/30/91	Prior to 10/1/81	2.125%	-	0.125%	-	-	-	9.125%
	10/1/81-11/16/86	2.05%	1.05%	0.05%	-	-	-	9.05%
	11/16/86-	1.80%	0.80%	-	-	-	-	8.80%
12/31/91	Prior to 10/1/81	1.25%	-	-	-	-	-	8.25%
	10/1/81-11/16/86	1.16%	0.16%	-	-	-	-	8.16%
	11/16/86-	0.91%	-	-	-	-	-	7.91%

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* Gramm Rudman Loans

SECTION II: THE LENDER, Repayment

Tabular Table of Contents[*]

Tab Summary:

Converting loans to repayment, deferment and forbearance are examined under this tab heading.

CSLP Ready References:

ORDER	TITLE	NUMBER	DATE	NEW ✓
1.	Repayment	RR052	February 28, 1992	✓
2.	Deferment Summary	RR020	February 28, 1992	✓
3.	Processing Deferments	RR024	February 28, 1992	✓
4.	Processing Forbearances	RR025	February 28, 1992	✓
5.	Windfall Profits Provisions	RR060	February 28, 1992	✓

Also see CSLP Ready References:

TITLE	LOCATION IN CSLP TRAINING MANUAL
Stafford Loans	SECTION III: THE SCHOOL, Borrower Eligibility
Supplemental Loans for Students (SLS)	SECTION III: THE SCHOOL, Borrower Eligibility
Plus Loans	SECTION III: THE SCHOOL, Borrower Eligibility
Sample Repayment Schedules	SECTION III: THE SCHOOL, Delivery of Loan Proceeds
Repayment Flow Chart	SECTION III: THE SCHOOL, Delivery of Loan Proceeds
Entrance and Exit Interviews	SECTION III: THE SCHOOL, Delivery of Loan Proceeds

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[*] The *Tabular Table of Contents* establishes a recommended order for the *CSLP Ready References* inserted behind this tab heading. New and revised *CSLP Ready References* are designated with a (✓) in the NEW column. Revisions are designated by date. *CSLP Ready References* with older dates are obsolete but may be retained for historical reference.

REPAYMENT

CSLP Ready Reference

STAFFORD LOANS

The repayment period for a Stafford Loan begins after the expiration of the grace period. While the Stafford Loan borrower is enrolled in school at least half-time and during the grace period, the federal government pays the interest on the behalf of the borrower. The day after the grace period has expired, or the conversion date, the borrower is responsible for paying the interest. The lender may either:

- Convert the loan to repayment and start charging the borrower interest on the first day of the 7th month following the month the borrower ceased at least half-time attendance (month-specific method); or
- Convert the loan to repayment and start charging the borrower interest on the 181st day following the last day the borrower ceased at least half-time attendance (day-specific method).

Per CSLP regulations, the borrower's first payment must be scheduled no later than sixty (60) days following the expiration of the grace period. Recent federal guidance indicates the first payment must be scheduled no later than forty-five (45) days following the expiration of the grace period.

SLS AND PLUS LOANS

The repayment period for SLS and Plus Loans begins as of the date of the first disbursement. The borrower is responsible for paying all of the interest on the loan. The interest which accrues between disbursements on a multiply disbursed loan may be automatically capitalized. The first payment is due within sixty (60) days of the final disbursement.

If the borrower qualifies for the in-school deferment, the principal on the loan may be deferred while the student is in school. The interest continues to accrue during the deferment period. The lender may require the borrower to make monthly interest payments during the deferment period or allow the interest to accrue and capitalize no more frequently than quarterly for in-school deferments. The borrower's first payment must be scheduled no later than sixty (60) days from the date the borrower ceases to be eligible for the in-school deferment.

ALL LOANS

- For loans disbursed on or after October 1, 1981, the **minimum** monthly payment is $50.
- The maximum time frame the lender may allow for repayment is ten (10) years.
- The lender must permit the borrower at least five (5) years to repay the loan(s) or less if the minimum payment retires the loan sooner.
- The lender may allow the borrower to pay less than the required minimum monthly payment if the borrower and the lender agree to a lesser amount in writing. The repayment period shall not extend beyond the maximum ten (10)-year time frame.
- The repayment schedule must not require any single installment be more than three times greater than any other installment.
- Authorized periods of deferment and/or forbearance are not included in the maximum ten (10)-year or the minimum five (5)-year repayment time frames.
- The lender may allow a borrower, having multiple guaranteed loans at different lenders (or a borrower and a spouse each having guaranteed loans at the same or different lenders), to pay a combined total of $50 per month provided the 10-year maximum repayment period is not exceeded.
- Any payment amount which extends the 10-year repayment period requires an authorized forbearance.

✎ If the lender is notified that the borrower has ceased attendance after the borrower should have entered the repayment period, the lender may capitalize any accrued interest from the end of the grace period, for the Stafford Loan, and from the expiration of the deferment for the SLS or Plus loan to the date the lender is notified. The lender must send the repayment disclosure to the borrower no more than sixty (60) days from the date of notification and said disclosure must require the first payment to be due no later than 75 days from the date of notification.

REQUIRED REPAYMENT DISCLOSURE

The lender must provide the borrower with repayment disclosure at the time of or prior to the start of the repayment period on Stafford or Consolidation Loans. The disclosure requirement of providing repayment information on SLS or Plus loans prior to the repayment period, has been suspended for further review by the Department. The lender should, however, provide the SLS or Plus borrower with the required repayment disclosure at the time of or prior to the beginning of principal and interest repayment (for example, at the conclusion of the initial in-school deferment, but prior to the scheduled first payment due date). The repayment disclosure must be provided to the borrower without cost. The following items must be included in the repayment disclosure for all guaranteed loans:

- The name of the lender and the address to which communications and payments should be sent;
- The scheduled date the repayment period is to begin;
- The outstanding balance on the loan(s) covered by the disclosure as of the date the repayment period is scheduled to begin, including estimated interest to be capitalized, if applicable;
- The interest rate on the loan(s), or the combined interest rate of loans with different interest rates*;
- The nature of any fees which may accrue or be charged to the borrower during the repayment period;
- The repayment schedule for all loans covered by the disclosure including the date the first installment is due, and the number, amount, and frequency of required payments;
- Except for Consolidation Loans, an explanation of any special options the borrower may have for loan consolidation or other refinancing of the loan and of the availability and terms of such options;
- The projected total of interest charges which the borrower will pay on the loan(s), assuming that the borrower makes payments exactly in accordance with the repayment schedule; and
- A statement that the borrower has the right to prepay all or part of the loan(s) at any time without penalty.

The lender may use the CSLP Repayment Addendum and Disclosure Statement (Form #106) or other approved format, to meet the above-stated disclosure requirements.

*CSLP currently suggests the lender, if using the CSLP Repayment Addendum and Disclosure Statement, disclose only like-type loans on each addendum. Therefore, if the borrower has two Stafford Loans and two SLS's, the lender should complete a repayment addendum for the Stafford Loans and a separate repayment addendum for the SLS's.

Want to Know More? See:

Higher Education Act §433, *Title 34 of the Code of Federal Regulations* §682.209, CSLP Rules and Regulations, Chapter IX, and Dear Guarantee Agency Director letter, 88-G-138, dated March 11, 1988.

DEFERMENT SUMMARY

CSLP Ready Reference

Deferment Condition	Stafford Loans and SLS's	Plus Loans	Consolidation Loans
Study at a postsecondary school	Full-time or half-time[1]	Full-time or half-time[2]	Full-time or half-time[1]
Study at a school operated by the federal government	Full-time only	Full-time only	Full-time only
Study in an eligible graduate fellowship program, or in a rehabilitation training program for the disabled	Yes	Yes	Yes
Volunteer in Peace Corps, ACTION Programs, or comparable full-time volunteer work for a tax-exempt organization	Up to 3 years each	No[3]	No
Active duty member of U.S. Armed Forces, service in the Commissioned Corps of U.S. Public Health Service, or active duty member of National Oceanic and Atmospheric Administration Corps[4]	Up to 3 years total	No[3]	No
Temporarily totally disabled, or can't work because you're caring for a temporarily totally disabled spouse or other dependent	Up to 3 years	Up to 3 years	Up to 3 years
Full-time teacher in a public or non-profit private primary or secondary school that the U.S. Department of Education has determined is in a teacher shortage area	Up to 3 years[5]	No	No
Eligible internship deferment	Up to 2 years	No	No
Unemployment	Up to 2 years	Up to 2 years	Up to 2 years
Mother of preschool age children, who is going to work (or back to work) at a salary no more than $1.00 over the minimum wage	Up to 1 year[5]	No	No
Parental leave deferment	Up to 6 months	No	No
During a period of hardship to the borrower	No, but a forbearance may apply	No, but a forbearance may apply	No, but a forbearance may apply

Footnotes are explained on back page.

- Deferments are for **Principal Only** for SLS's, Plus Loans, and Consolidation Loans.
- A **New Borrower** is one who had no outstanding (unpaid) Stafford Loans, SLS's, Plus Loans, or Consolidation Loans on the date he or she signed the promissory note, and the loan was disbursed on or after July 1, 1987 or was for a period of enrollment that began on or after July 1, 1987.
- In order for a borrower to defer a loan for **Study at a Postsecondary School**, the school must participate in the Stafford Loan Program. For the Plus Loan, the school must participate in the Stafford Loan, SLS, or Plus Loan Programs. A borrower may not defer a loan for study at a foreign school if the borrower is not a U.S. national or citizen.
- An eligible **Graduate Fellowship** program must provide sufficient financial support to graduate fellows to allow for full-time study for at least six months.
- **Unemployment** deferments must be renewed every 3 months. The borrower must be seeking but be unable to find full-time employment. Full-time employment is considered to be at least 30 hours of work per week and is expected to last at least three months.
- A borrower is not eligible for deferment for service in the **Reserves of the Armed Forces** or the **National Guard** unless the borrower is placed on active duty for at least one year. Note: Public Law 102-26 authorized the Secretary of Education to waive or modify any regulatory or statutory provision applicable to the Title IV student financial aid programs that might adversely affect borrowers participating in Operation Desert Shield/Desert Storm.
- Volunteers for **Peace Corps** and the Domestic Volunteer Act of 1973 (**ACTION** programs) must agree to serve for at least one year to be eligible for a deferment.
- An **Internship** or **Residency Training** program that is required by a state licensing agency before beginning professional practice or service in that state is eligible for deferment. A bachelor's degree is required before beginning the program. In Colorado, blanket certifications for meeting the licensing requirements have been obtained for Certified Public Accountants and architects (see CSLP "Bulletin", Vol. 91 No. 1b, March 5, 1991). Deferment is also permitted for an internship or residency program which leads to a degree or certificate awarded by an institution of higher education, hospital, or a health care facility with postgraduate training. The program must require a bachelor's degree as a condition of acceptance. Effective January 1, 1990, a lender must grant a forbearance upon written request renewable at 12-month intervals for a period equal to the length of time remaining in a borrower's medical internship or residency program.
- For a **Parental Leave** deferment, a borrower must be pregnant, caring for a newborn child, or caring for an adopted child immediately following adoption. The borrower must be unemployed, not attending school, and must apply within 6 months after he or she leaves school or drops below half-time status.
- **To obtain a deferment**, the borrower must submit a written request to the lender. Supporting documentation may be required. The borrower may request deferment forms from the lender or CSLP. Deferments may be made retroactive 6 months except for the unemployment deferment which may be made retroactive by 60 days.

Want to Know More? See:

The Federal Student Financial Aid Handbook; the *Student Guide;* the *Code of Federal Regulations* §682.201; CSLP "Bulletin", Vol. 91 No. 1b, March 5, 1991; "Dear Colleague" letter GEN-89-58, December 1989; and Public Law 102-26, enacted April 9, 1991.

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[1] Half-time enrollment is allowed only for **new borrowers** who have obtained a loan for the current period of enrollment.

[2] When a Plus Loan is being deferred based upon the dependent student's half-time enrollment, the student must be a **new borrower** and have a loan for the current period of enrollment. When a Plus Loan is being deferred based upon the borrower's own half-time enrollment, the borrower must be a **new borrower** and have obtained a loan for the current period of enrollment.

[3] **NO** for all loans made on or after August 15, 1983, but **YES** for all loans made before that date.

[4] National Oceanic and Atmospheric Administration Corps deferments are for **new borrowers**.

[5] For **new borrowers** only.

PROCESSING DEFERMENTS

CSLP Ready Reference

- A borrower is entitled to have periodic installment payments of principal deferred during authorized periods of deferment.
- For the Stafford Loan, the U.S. Department of Education will pay the interest that comes due during the deferment.
- For Supplemental Loans for Students (SLS) and Plus Loans, the borrower is responsible for paying the interest that comes due during a deferment. The lender may choose to capitalize this accrued interest or require the borrower to make interest payments during a deferment period. The borrower may voluntarily pay the interest that comes due during the deferment if not required by the lender.
- The lender must have the borrower's permission to capitalize interest. This permission is contained on CSLP promissory notes and CSLP application/promissory notes revised 1/87 and later; the lender may use such promissory notes as permission to capitalize. If the borrower completed an earlier promissory note, CSLP recommends that the lender obtain the permission in writing or recognize the borrower's oral request to capitalize interest during a deferment by noting the request by date and description in the borrower's collection history.
- For SLS's, interest that accrues during an in-school, graduate fellowship, or rehabilitation training deferment period may be capitalized no more frequently than quarterly. Interest that accrues during any other deferment period may be capitalized no more frequently than annually.
- For Plus Loans, interest that accrues during any deferment period may be capitalized no more frequently than quarterly.
- The borrower must provide to the lender all documentation required to establish eligibility for a specific type of deferment.
- A deferment cannot be denied by a lender when the borrower meets the eligibility criteria even though the borrower may be delinquent.
- During the deferment, all due diligence activities are frozen if the deferment is for a Stafford Loan or, when the interest will be capitalized, for the SLS and Plus Loan as well.
- When the lender requires that the borrower make interest payments during an SLS or Plus Loan deferment, the lender must begin due diligence activities if the borrower fails to make an interest payment.
- A borrower whose loan is in default is not eligible for a deferment unless the borrower brings the account under the date of default (usually 180 days).
- If both parents of a student have obtained a Plus Loan as co-makers, both co-makers must be eligible for a deferment in order for payments of principal to be deferred.

- To obtain a deferment, the borrower must request the deferment in writing. CSLP recommends the use of CSLP forms: *Request for Deferment of Repayment for Stafford (GSL) or SLS Loan Borrowers* [143S (7/90)], *Request for Deferment of Repayment--Parent Plus Borrowers* [143P (7/90)], *Request for Deferment of Repayment--Consolidation Loan Program* [143C (7/90)], and *Request for Deferment of Repayment--Unemployment Deferment* [143UE (7/90)].

- The lender must retain the completed form in its file for the borrower, and this request will need to be a permanent part of the borrower's file.

- To avoid the possibility of due-diligence violations, the lender should continue due-diligence activities, even after the borrower has requested a deferment, until all the required paperwork is received.

- Once a borrower receives a six-month post-deferment grace period following an unemployment deferment (applicable to loans made prior to October 1, 1981), the borrower does not qualify for any additional post-deferment grace periods following any subsequent unemployment deferments.

- Periods of deferment are excluded from the ten- or fifteen-year limitation on the length of repayment.

- In Colorado, blanket certifications for meeting the licensing requirements have been obtained for Certified Public Accountants and architects. For these internship deferments, a separate certification from the state licensing official is not required (see CSLP "Bulletin", Vol. 91 No. 1b, March 5, 1991).

Want to Know More? See:

The *Higher Education Act of 1965* as amended; "Dear Colleague" letter, 90-G-175, January 1990; and CSLP "Bulletin", Vol. 91 No. 1b, March 5, 1991.

PROCESSING FORBEARANCES

CSLP Ready Reference

- A forbearance has the following options:

  1) a short period of time without a payment during which interest continues to accrue and may be capitalized,

  2) payment of interest only, and

  3) a reduction in the amount of the payments.

- Forbearances are a lender's option which may be granted if--

  1) the lender believes that the borrower intends to repay the loan but is currently unable to make payments in accordance with the terms of the note (the lender must state its reason for this belief in the borrower's records), and

  2) the borrower and the lender sign a written agreement of forbearance for a period not to exceed 12 months at a time. (See below for an exception to the lender's option.)

- CSLP encourages the lender to grant forbearances for the benefit of the borrower in order to prevent the borrower from defaulting on his/her payment obligation.

- The borrower is responsible for all interest payments during a period of forbearance. The lender may, however, capitalize the interest at the end of the forbearance and not require interest payments during the forbearance period. If the borrower is not making any payments during the forbearance period, as of December 26, 1986, the lender must contact the borrower every three months and remind him/her of the repayment obligation.

- During the forbearance, all due diligence activities are frozen when the interest will be capitalized

- When the lender requires that the borrower make interest payments during a forbearance, the lender must begin due diligence activities if the borrower fails to make an interest payment.

- The lender must retain the completed form in its file for the borrower and this request will need to be a permanent part of the borrower's file.

- To avoid the possibility of unexcused due-diligence violations, the lender should continue due diligence activities, even after the borrower has requested a forbearance, until all the required paperwork is received.

- Periods of forbearance are excluded from the ten- or fifteen-year limitation of the length of repayment.

- Effective January 1, 1990, a lender must grant a forbearance upon written request renewable at 12-month intervals for a period equal to the length of time remaining in a borrower's internship or residency program. Given the above conditions, this forbearance is not optional after the borrower has exhausted his/her eligibility (2 years) for the deferment for service in an internship or residency program which leads to a degree or certificate awarded by an institution of higher education, hospital, or a health care facility with postgraduate training. The internship or residency program must require a bachelor's degree as a condition of acceptance.

Want to Know More? See:

Title 34 of the Code of Federal Regulations §682.211.

WINDFALL PROFITS PROVISIONS

CSLP Ready Reference

The windfall profits provisions apply to borrowers with 8%/10% Stafford Loans when the applicable interest rate is 10% and the average of the bond equivalent rates of 91-day Treasury bills auctioned for that quarter plus 3.25% is less than 10%. The lender determines the windfall profit at the end of the calendar year for the preceding quarters in that year for which the borrower's interest rate was 10%. The lender must make the windfall profits adjustment no later than 30 days following the last day of the calendar year, meaning no later than January 30th.

The quarterly windfall is calculated using the following definitions and formula:

DEFINITIONS

- ➔ Windfall Percentage = 10% - Avg. of 91-day T-Bill for the quarter + 3.25%
- ➔ Principal Balance = The outstanding principal balance on each loan at the end of the quarter

FORMULA

- ➔ Formula = (Windfall Percentage X Principal Balance) divided by 4

The total of the quarterly adjustment(s) resulting from the above calculation is to be applied as a principal reduction to the borrower's Stafford Loan no later than 30 days after the end of the calendar year. The windfall adjustment is effective on the date the lender makes the adjustment. The lender is encouraged, but not required to inform the borrower of the principal reduction and if the monthly payment amount is reduced as a result of the adjustment, or if the number of scheduled payments is reduced.

The borrower must not be more than 30 days delinquent as of the last day of the calendar year, in order to be eligible for a windfall profit. It is possible that a lender may receive new information after the end of the calendar year which changes the borrower's status retroactively. This reversal of status may make the borrower eligible or ineligible for the windfall profits. If the lender is aware of this reversal of status before making the windfall adjustment the lender must use the revised status to determine the borrower's eligibility for the windfall adjustment. If the reversal of status information is received after the lender has made the windfall adjustments, no adjustment need be made.

?	If a lender calculated and processed a windfall profits adjustment on a particular account and later determines the borrower was not eligible (e.g., an NSF check notice is received which now makes the borrower more than 30 days past due as of year end), does the lender reverse the windfall profits adjustment?
A	If the "reversal" of the December 31 status occurs before the lender makes the windfall adjustment (credits the borrower's account), the lender must use that revised status in determining whether or not to make the adjustment. If a "reversal of status" occurs after the lender has credited the account, no adjustment must be made.

? If a lender does not process a windfall profits adjustment because the borrower is ineligible (e.g., greater than 30 days delinquent at year end), but later discovers the borrower was eligible (e.g., payment reapplied or a deferment or forbearance is applied which cures the delinquency which existed at year end), does the lender have to make the windfall adjustment now?

A Same as previous answer.

IMPORTANT POINTS

- For each quarter affected, the lender must round the windfall adjustment *up* to the nearest whole cent if the third digit to the right of the decimal point is five or greater, and *down* to the nearest whole cent if the third digit to the right of the decimal point is less than five.
- The windfall profit calculation applies to the outstanding principal balance, which includes any capitalized interest.
- A borrower who consolidates or otherwise pays the loan in full prior to year end loses eligibility for the windfall adjustment.
- If the principal balance outstanding on the loan is less than the windfall adjustment amount, the lender need only make an adjustment up to the amount of the principal balance that the borrower owes at the time the adjustment is made.
- A borrower is considered to be more than 30 days delinquent if the borrower is in a deferred status or a bankruptcy suspended status as of year end, but was more than 30 days delinquent prior to entering such status. Such a borrower is not eligible for the windfall adjustment.
- The lender need not make the windfall adjustment if the lender determines the Stafford loan is eligible for a death, disability, or bankruptcy claim payment and that status exists on December 31st.
- If a Stafford Loan is repurchased from the guarantor during the year and that loan is not more than 30-days delinquent at year end, the lender must apply the windfall profit adjustment.
- If a Stafford Loan is sold prior to year end, the new holder is responsible for calculating and crediting the windfall adjustment to the borrower's loan.

Want to Know More? See:

Higher Education Act §427A(e)

SECTION II: THE LENDER, Collections Procedures
Tabular Table of Contents*

Tab Summary:

Collections procedures, bankruptcies, requesting a payment of claim and due diligence cures are discussed in this section.

CSLP Ready References:

ORDER	TITLE	NUMBER	DATE	NEW ✓
1.	Due Diligence	RR041	February 28, 1992	✓
2.	Skiptracing	RR042	February 28, 1992	✓
3.	Bankruptcy	RR047	February 28, 1992	✓
4.	Requesting Preclaims Assistance	RR088	February 28, 1992	✓
5.	Request for Payment of Claim	RR050	February 28, 1992	✓
6.	Requesting a Payment of Claim	RR043	February 28, 1992	✓
7.	Non-Guaranteed Loans	RR046	February 28, 1992	✓
8.	Cures & Definitions	RR049	February 28, 1992	✓
9.	Location & More	RR051	February 28, 1992	✓

Also see CSLP Ready References:

TITLE	LOCATION IN CSLP TRAINING MANUAL
Preclaims Assistance Requests	SECTION III: THE SCHOOL

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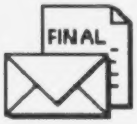
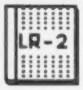
DUE DILIGENCE
CSLP Ready Reference

If a payment on a Stafford Loan, SLS, Plus Loan, or Consolidation Loan is late or delinquent, the lender is required to perform specific collection activities during specific thirty-day time frames, or windows. A payment is delinquent if it is one day late. The required collection activities are commonly referred to as *due diligence*. In order to be in compliance with state and federal due-diligence requirements, the lender must complete the following activities during each thirty-day window indicated:

1-30 days ✉ + ✉	At least two letters or notices must be sent to the borrower informing the borrower of the delinquency. These letters or notices may be computer generated. The lender is not required to send letters or notices to the co-signer (if applicable) during this window.
31-60 days ☎ + ☎ ✉ + ✉	The lender must attempt to contact the borrower by phone. At least two phone attempts must be made on different days and at different times of the day. If the lender is unable to contact the borrower by phone, then at least two forceful collection letters must be sent. These letters must: - urge the borrower to cure the delinquency; - warn the borrower that the loan(s) will be assigned to the guarantee agency if the delinquency is not cured; - inform the borrower that the default will be reported to the credit bureau by the guarantee agency, thereby damaging the borrower's credit rating; and - inform the borrower that the guarantee agency may bring suit against the borrower to compel repayment of the loan. If the lender actually contacts the borrower, the letters need not be sent. If there is a co-signer, the lender is required to send the letters to the co-signer, even if contact is made with the borrower.
60 days LR-1	The lender must submit the "Request for Pre-Claim Assistance" (CSLP form LR-1). This completed form must be received by CSLP no earlier than the 60th day and no later than the 70th day.
61-150 days ☎ + ☎ ✉	During each thirty-day window comprising this period, the lender must attempt to contact the borrower by phone at least twice, on different days and at different times. If the lender does not contact the borrower, at least one letter must be sent which is no less forceful than the letters sent during the 31 - 60 day window. These same due-diligence activities must be performed for the co-signer, if applicable, including the phone attempts.

151-180 days 	A *Final Demand* letter must be sent to the borrower (and co-signer) at least 30 days prior to submission of the final claim to CSLP, unless the borrower's address is unknown. The borrower must be given at least 30 days to respond to the final-demand letter and to make payments sufficient to bring the loan out of default. The final-demand letter must: - advise the borrower (and co-signer) of the pending default and assignment of the promissory note to CSLP; - require the borrower (and co-signer) to pay the loan in full, indicate the total dollar amount outstanding and the date by which this amount must be received by the lender; - inform the borrower (and co-signer) of the consequences of default; - contain the phrase "Lender's Final Demand"; and - advise the borrower (and co-signer) that the default will be reported to all national credit bureaus.
180 days	180 days of delinquency constitutes a default.
181-270 days 	The lender must file a final claim with CSLP using the "Request for Payment of Claim" (CSLP form LR-2). The default claim must be received by CSLP no later than the 270th day of delinquency--90 days from the date of default.

IMPORTANT NOTES:

The lender is not required to complete the phone attempts before sending the letters. The order of the activities is not important as long as all of the required activities are performed in each 30-day window.

Upon receiving notice that a check has been dishonored (returned for insufficient funds), the lender shall treat the payment as having never been made for purposes of determining the number of days delinquent that the borrower is at that time. The lender must then begin (or resume) due diligence on the loan, commencing with the first 30-day window that begins after the 30-day window in which the notice of dishonor is received.

The lender must document all due-diligence activities performed, including the date and time each activity was performed.

Sample collection letters may be submitted to CSLP for review to ensure that the verbiage contained in the letters meet state and federal requirements.

In the event that the borrower requests a deferment or a forbearance form during the due-diligence cycle, the lender is required to send these materials to the borrower within ten days of the request.

If a borrower promises to make a payment by a specific date while the lender is collecting on the loan, and if the payment is not received on the date promised, the lender must either contact the borrower or send a letter to the borrower within ten days of the promised payment date.

If a lender determines a borrower is a skip, the lender may suspend routine due-diligence activities. The lender must, however, continue due diligence activity for any co-signer. When the borrower is located, the lender would initiate due diligence at the point the borrower is in the delinquency period. The lender is not required to make up the due diligence during the skiptracing period.

Want to Know More? See:

CSLP Rules and Regulations Manual, Chapter III (D)(5) and *Title 34 of the Code of Federal Regulations*, §682.411.

SKIPTRACING

CSLP Ready Reference

In the event that a lender receives returned mail on a delinquent Stafford Loan, SLS, Plus Loan, or Consolidation Loan, the lender is required to initiate skiptracing activities within ten days of receipt of the returned mail. All skiptracing activities must be documented in the lender's collection history. The following activities must be performed:

- All references named on the borrower's loan application must be contacted to determine the borrower's (and co-signer's) address. If the phone number(s) for the reference(s) is incorrect, directory assistance must be consulted.
- The borrower's loan documentation must be reviewed for the presence of the borrower's employer, spouse's employer, or reference's employer. The employer must be contacted in order to obtain the borrower's last known phone number and address.
- If the borrower ceased attendance within the last twelve months, the lender must contact the school to determine the borrower's last known phone number and address.
- If the lender is aware that the borrower is in the military, the military locator must be contacted to ascertain the borrower's current address and phone number.

The following activities are recommended activities to maximize the effectiveness of the skiptracing efforts:

- The lender should perform at least one skiptracing activity every thirty days (i.e., contact a reference who was not previously successfully contacted or contact Directory Assistance.)
- The lender should utilize the following resources in order to determine the borrower's current location. *Call or use the:*

RESOURCE	PURPOSE
City Directories	for residential and business listings in other areas;
Post Office Assistance	for a change of address from the Post Master;
Public Library	for information from other city directories;
Residence Managers	for a forwarding address left by student borrower;
Tax Assessor's Office	for address(es) the borrower has at the county office for property taxes; and
Zip Code Directories	for verifying streets, zip codes, and time zones, and for locating military bases.

PHONE SKIP

If the borrower's telephone number has been disconnected, **but mail is not being returned for an incorrect address**, the lender may choose to perform a *phone skip*. Once the lender has completed all of the phone-skip activities, the lender is not required to continue to attempt to contact the borrower by phone to be in compliance with the due-diligence requirements. The phone-skip activities are: 1) contact directory assistance, 2) contact the references, and 3) contact the school if the borrower ceased attendance within the last twelve months.

NOTE: Even though completing the phone-skip activities relieves the lender from attempting to contact the borrower by phone, the lender must continue to send the required letters in each thirty-day window.

DON'T FORGET

- All skiptracing activities and phone-skip activities must be documented in the lender's collection history.
- Any returned mail must be date stamped in order to document the fact that skiptracing activities were initiated within the required ten days.

SPECIAL NOTE

Since there are no federal or state requirements concerning skiptracing activities on a co-signer the lender may do any one of the following if it's determined that the co-signer is a skip:

1. Continue performing regular due diligence activities.
2. Initiate regular skiptracing activities.
3. Initiate phone-skip activities.
4. Document the collection history that the co-signer is a skip and do whatever activities are desired.

Want to Know More? See:

CSLP *Rules and Regulations Manual*, Chapter III (D)(5) and *Title 34 of the Code of Federal Regulations*, §682.411.

BANKRUPTCY

CSLP Ready Reference

As of November 5, 1990, student loans are non-dischargeable under a Chapter 13 bankruptcy filing. Effective May 28, 1991, in order for a student loan to be eligible for discharge under a bankruptcy filing, the loan must be in repayment for at least **seven** years, excluding authorized periods of deferment and/or forbearance.

Upon receipt of the notice of the first meeting of the creditors, the lender must act immediately to be in compliance with filing deadlines required by federal regulations. Chapter 13 bankruptcies are handled slightly differently from Chapter 7 bankruptcies.

CHAPTER 13 BANKRUPTCY

Upon receipt of the notice of the first meeting of the creditors, the lender must complete the following activities:

- File a proof of claim within **thirty (30)** days.
- Complete the bankruptcy assignment (CSLP Form AR-1) and send to the bankruptcy court, within **thirty (30)** days. This form must be notarized.
- Submit the student loan(s) as a bankruptcy claim to CSLP within **thirty (30)** days.

CHAPTER 7 BANKRUPTCY

Upon receipt of the notice of the first meeting of the creditors, the lender must complete the following activities:

- File a proof of claim within thirty **(30) days**.
- Inquire of the bankruptcy court whether a petition to have the loan obligation declared dischargeable in bankruptcy on grounds of undue hardship has been filed by the borrower (also known as Adversary Summons and Complaint).
- Determine if the loan has been in repayment for **seven** years or more, exclusive of authorized periods of deferment and/or forbearance.
- If a hardship petition has been filed, or if the loan has been in repayment for seven years or more, the lender must submit the loan(s) as a bankruptcy claim to CSLP. The lender must submit the claim within **thirty (30)** days from the date the lender receives notification of the hardship petition, if applicable. If the claim is being submitted because the loan(s) has been in repayment for seven years or more, then the lender must submit the claim within thirty (30) days from the date the notice of the first meeting of the creditors was received.
  - For loans submitted as a bankruptcy claim, the lender must complete the bankruptcy assignment (CSLP Form AR-1) and send it to the bankruptcy court within **thirty (30)** days. This form must be notarized.

- If a hardship petition has not been filed and if the loan has been in repayment for less than seven years, the lender must continue to hold the loan and cease collection activities until the bankruptcy action is concluded.
    - The period of time the lender continues to hold the loan, waiting for the conclusion of the bankruptcy action, is to be treated as if a forbearance had been granted. All interest which has accrued during this period of time, may be capitalized at the conclusion of the forbearance.
    - The lender shall resume the collection activities upon notification that the bankruptcy action has been concluded, starting with the 30-day window following the 30-day window in which the lender received notification of the conclusion.

GENERAL INFORMATION

- If CSLP receives notification concerning a borrower from the bankruptcy courts, CSLP will request that the lender file a bankruptcy claim within thirty (30) days if the loan appears to be dischargeable. The claim will be paid within thirty (30) days of CSLP's request for the file, provided that the loan file is in compliance with federal regulations. If the lender chooses to wait until receiving the notice of the first meeting of the creditors before filing the bankruptcy claim, CSLP will honor the claim only if there is sufficient time for CSLP to object to the plan.
- Once the lender receives the notice of the first meeting of the creditors, all collection activities must cease.
- The notice of the first meeting of the creditors, if received by any department of the lending institution, is considered to have been received, on that date, by the student loan officer or by the student loan department.
- Lenders using loan servicers, are reminded that notification of the bankruptcy must be forwarded immediately to the servicer. The same time requirements are expected to be met from the date the **lender** received the notice.
- For Chapter 13 bankruptcy claims, CSLP will continue to monitor how the bankruptcy court handles student loans since the passage of the 1990 Budget Reconciliation Act. The original lender will be required to repurchase and resume collection on the outstanding balance of the student loan(s) if the bankruptcy plan is dismissed because the borrower failed to meet the terms of the plan, or completed the plan, and an outstanding balance remains.
- In the event that CSLP returns a bankruptcy claim for missing documents, the lender must resubmit the claim within **thirty (30)** days. CSLP will return a bankruptcy claim only once. If an incomplete claim is resubmitted, CSLP reserves the right to reject the claim as the time delay would severely jeopardize the successful litigation action on the account.

Want to Know More? See:

Title 34 of the Code of Federal Regulations, § 682.402, Public Law 101-542, Public Law 101-647 and CSLP Policy CL-15.

REQUESTING PRECLAIMS ASSISTANCE

CSLP Ready Reference

The following information is step-by-step instructions on how to properly complete the "Request for Preclaim Assistance", (CSLP form LR-1, revised 12/88). Use the LR-1 to request preclaims assistance. *This information is not the LR-1 form;* however, the following sections correspond to the LR-1. NOTE: An LR-1 must be completed for each loan. If the lender has combined a borrower's loans for repayment, the loans must be separated and filed individually. CSLP must receive a properly completed LR-1 when a loan is at least 60 days delinquent but no more than 70 days delinquent. If an LR-1 is rejected, the lender has 30 days to re-submit without an interest penalty.

COLORADO STUDENT LOAN PROGRAM
Request for Pre-Claim Assistance

REASON FOR ACTION

☐ **Failure to make monthly payments** ☐ **Unable to locate** ☐ **Failure to make interest payments**

▲ Check appropriate box.

▲ Check *Unable to locate* if borrower is a skip at the time preclaims assistance is requested (60 days delinquent).

BORROWER INFORMATION

Social Security Number	**Last name**	**First name**			**M.I.**
Last Known Address	**City**	**State**	**Zip**	**Phone number** ( )	
Employer name	**Employer address**	**Employer phone number** ( )			
Driver's license number	**State issued**	**Out of school date** mo. day year			

▲ Complete all boxes.

CO-SIGNER INFORMATION

First name	**Last name**	**Address**	**City**	**State**	**Zip**
Phone number	**Employer name**	**Employer address**			
Employer phone number ( )	**Have you advised co-signer of liability and made written demand for payment?** yes ☐ no ☐				

▲ Complete all boxes, if applicable.

REFERENCE INFORMATION

Name	**Address**	**City**	**State**	**Zip**	**Phone #** ( )
Name	**Address**	**City**	**State**	**Zip**	**Phone #** ( )
Name	**Address**	**City**	**State**	**Zip**	**Phone #** ( )

▲ Give as much information as possible.

LOAN INFORMATION

Type of loan:

☐ Stafford

☐ PLUS

☐ SLS

☐ Consolidated

Type of interest:

☐ Fixed

☐ Variable

☐ Adjustable

__________ Repayment period start date
(mm/dd/yy) (Adj. loans only)

Interest rate ______%

Next due date ___/___/___

Unpaid principal balance $__________

Amount of each payment $__________

Ineligible principal portion $__________

$__________

Creator # __________

Type of loan must be indicated.

Indicate the current interest rate on the loan when the preclaim is filed.

Creator Number must be indicated. It is located in the borrower's name and address box on the *Notification of Loan Approval and Guarantee*.

Next Due Date indicates the delinquency period.

Type of interest must be indicate.

- ○ The *Adjustable Rate* refers to the 8-10% Stafford Loans.
- ○ The *Repayment Period* start date for *Adjustable Rate* loans is the date after the end of the grace period--the date the borrower became responsible for the interest.
- ○ By using the *Repayment Period* start date CSLP determines if the loan is in the first four years of repayment (8% interest) and, if applicable when the loan entered the fifth year of repayment (10% interest).

Enter *Unpaid Principal Balance* and *Amount of Each Payment* as indicated.

Omit *Ineligible Principal Portion.*

COLLECTION EFFORTS

Date of contact with student ___/___/___

Forbearance dates ___/___/___ to ___/___/___

Deferment dates ___/___/___ to ___/___/___

Type of Deferment(s)__________________________

Type of contact:

☐ Letter from debtor

☐ Phone contact

☐ Other

Forbearance dates and deferment dates and types should be indicated for the last forbearance and/or deferment granted relevant to the loan.

Enter date and type of contact with the student. *Other* may include but is not limited to: spouse, friend, child, lawyer, doctor, school official, etc.

LENDER INFORMATION

Name		Address	City	State	Zip
Phone number ( )	Lender code	Service code	Authorized Signature	Officer title	Date

Complete *all* boxes as indicated.

The *Lender* and *Servicer* codes are the same number at this time. The lender's code should be indicated in both boxes.

REQUEST FOR PAYMENT OF CLAIM

CSLP Ready Reference

CSLP must receive a properly completed Request for Payment of Claim, along with the required documentation within the following time frames:

TYPE OF CLAIM	REQUIRED TIME FRAME
Default Claim	No earlier than the 181st day of delinquency (and at least 30 days after the final demand letter is sent). No later than the 270th day of delinquency (90 days after the date of default).
Death Claim	Within 60 days of the date the lender receives the certified copy of the death certificate
Permanent & Total Disability Claim	Within 60 days of the date the lender receives a properly completed physician's certification
Chapter 13 Bankruptcy Claim	No later than 30 days from the date the lender receives the notice of the first meeting of creditors
Chapter 7 Bankruptcy (In repayment for at least seven years)	No later than 30 days from the date the lender receives the notice of the first meeting of creditors

Any claim submitted to CSLP after July 1, 1991, must contain the following documentation:

- Original Note and Disclosure (including any addenda)
- A legible copy of the loan application in the absence of an original app/note
- Payment history (including any refunds or principal reductions) showing the date and amount of each payment from or on behalf of the borrower, and the amounts attributable to principal and interest
- Collection history showing the date and subject of each communication with the borrower or co-signer for collection purposes and a copy of all written communications unless the lender's letters have been pre-approved by CSLP
- Assignment of the note to CSLP
- A properly completed Request for Payment of Claim (CSLP form LR-2)

In addition to the above-listed documentation, the following items must be submitted for the type of claim specified:

Death Claim

- A certified copy of the death certificate

Bankruptcy Claim

- A copy of the bankruptcy papers
- A copy of the proof of claim filed within 30 days
- A copy of the notarized assignment of the bankruptcy claim to CSLP

Disability Claim

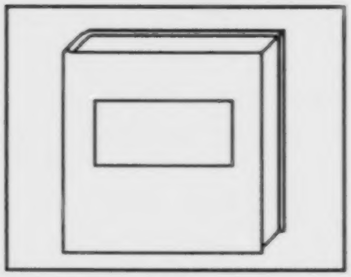
- The Physician's Certification of Borrower's Total and Permanent Disability (ED Form 1172)

CSLP reserves the right to request additional documentation if questions arise during the claim review process.

INDEMNIFICATION POLICY FOR LOST ORIGINAL PROMISSORY NOTES

In the event that the original promissory note has been lost or destroyed, CSLP will accept the following:

- A legible copy of the promissory note. A copy of both sides is preferred.
- A copy of the disbursement instrument or evidence of disbursement if disbursement was by electronic transfer of funds.
- A copy of the Notification of Loan Approval and Guarantee (aka: guarantee certificate)
- A signed indemnification agreement
- A statement from the lender indicating the following:
  - an explanation as to why the original promissory note is not available, and
  - the promissory note has not been previously assigned to CSLP, and
  - the promissory note has not been returned to the borrower, and
  - the lender shall not attempt to collect on the note, and
  - if the promissory note is located, it shall be promptly provided to CSLP
- CSLP reserves the right to limit the number of Indemnification Agreements accepted from any one lender



CSLP CLAIMS POLICIES

- In the event that CSLP denies interest and/or principal on a claim, the lender may appeal this decision by providing additional documentation which supports the validity of the denied interest/principal. The documentation must be submitted to CSLP within 9 months from the date the claim payment was sent to the lender. ****As of 10/01/91, lenders will only have 90 days to submit this documentation on claims originally received on or after 7/01/91.**** Request for additional interest and/or principal may be submitted one time only.
- If CSLP returns a claim for additional documentation, the lender must re-submit the claim along with the required documentation within 60 days. In accordance with federal regulations interest for this period of time will be limited to 30 days.
- If CSLP receives notification concerning a borrower from the bankruptcy courts, CSLP will request that the lender file a bankruptcy claim within 30 days if the loan appears to be dischargeable. The claim will be paid within 30 days of CSLP's request for the file, provided that the loan file is in compliance with federal regulations. If the lender chooses to wait until receiving the notice of the first meeting of the creditors before filing the bankruptcy claim, CSLP will honor the claim only if there is sufficient time for CSLP to object to the plan.
- A lender may appeal a denied claim within 60 calendar days of the date on CSLP's claim return letter. In order to appeal, the lender must submit the returned claim along with the request for appeal to the Claim Review and Appeals Committee. All decisions of the Committee are final.

Want to Know More? See:

CSLP Rules and Regulations Manual, Chapter III, *Title 34 of the Code of Federal Regulations*, §682.402 and CSLP Policies.

REQUESTING A PAYMENT OF CLAIM

CSLP Ready Reference

The following information is step-by-step instructions on how to properly complete the "Request for Payment of Claim", (CSLP form LR-2, revised 7/91). Use the LR-2 only to request a payment of a claim. *This information is not the LR-2 form;* however, the following sections correspond to the LR-2.

REASON FOR ACTION

☐ 01 Failure to make Interest Payments
☐ 02 Failure to make Monthly Payments
☐ 04 Death: Date Notified ___/___/___
☐ 05 Totl & Perm Dis: Date Notified ___/___/___
☐ 06 Bankruptcy: Type____ Date Notified ___/___/___
☐ 08 Ineligible Borrower ____________________

☐ Skip

☐ Locate Cure

Check the reason for the claim: (01) Failure to make Interest Payments or regular (02) Monthly Payments, (04) Death, (05)Total and Permanent Disability, (06) Bankruptcy, or (08) Ineligible Borrower.

Check *Skip* if the borrower could not be located *any time* during the period of delinquency.

Enter the month, day, and year (MM/DD/YY) for the *Date Notified* as applicable--these dates *must* be indicated when the corresponding box is checked.

- ○ The *Date Notified* for the death and the disability claim is the date the lender received the death certificate or the date the lender received the certified disability papers.
- ○ The *Date Notified* for the bankruptcy is the date the lender received the notice of the first meeting of the creditors.
- ○ For Chapter 7 bankruptcy claims being submitted because a hardship petition has been filed, the *Date Notified* is the date the lender received notification of the hardship petition from the bankruptcy court.

Be sure to indicate Chapter 7 or Chapter 13.

Indicate the reason, such as *fraud*.

Check *Locate Cure* if the claim is being submitted because the locate procedures were performed.

BORROWER INFORMATION

SSN	Last Name	First Name	M.I.	Phone# ( )
Last Known Address		City	State	Zip

LENDER INFORMATION

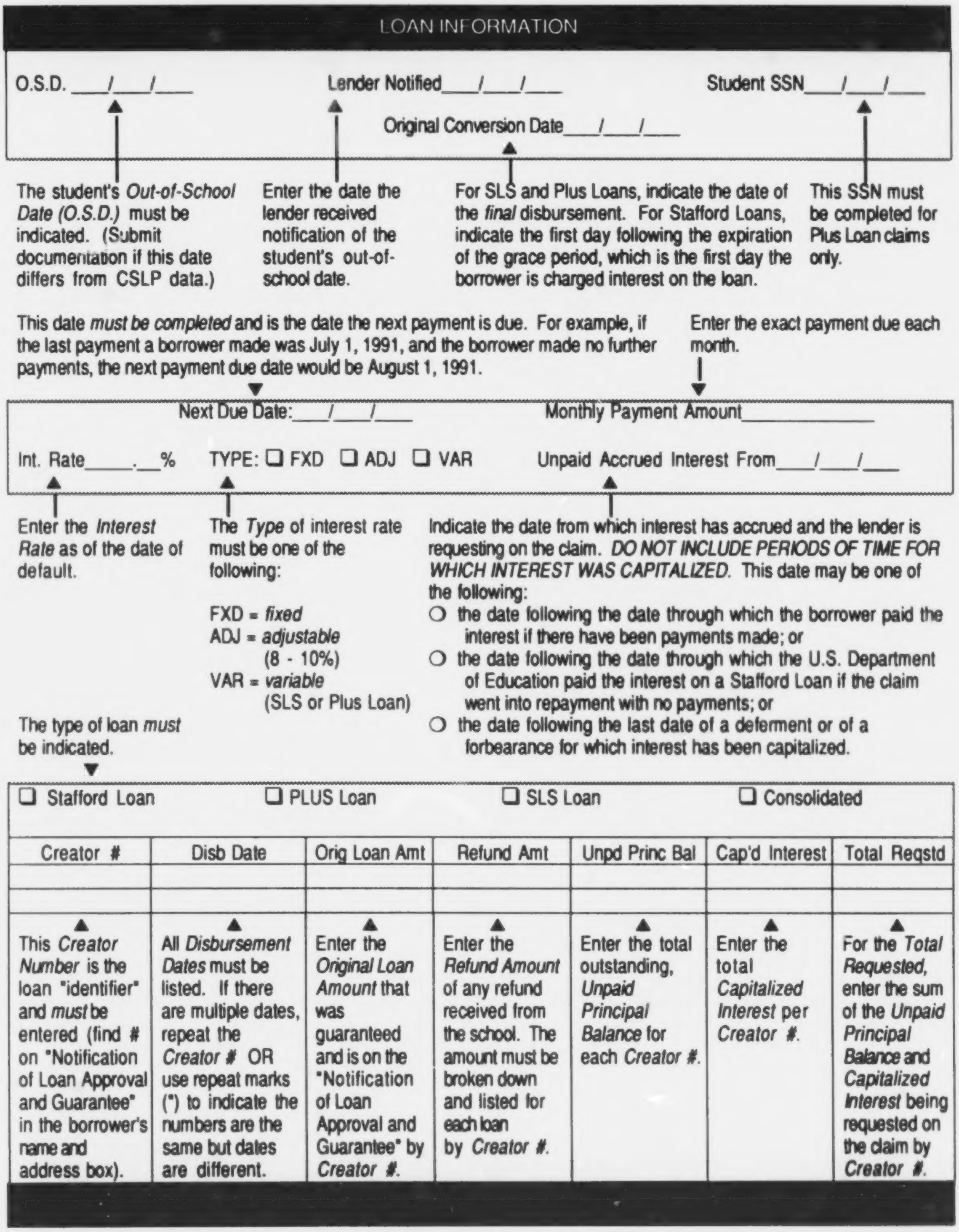
Name		Address	City	State	Zip
Phone# ( )	Lender Code	Service Code	Authorized Signature	Date	

Complete *all* boxes as indicated.

Indicate the *name* of the student-loan servicer, if applicable. If there is no servicer, enter *N/A*.

The signature line must be completed. Without a signature, the claim request will be returned unprocessed.

The *LENDER INFORMATION* section contains the following certification: *The above named lender certifies that all information provided is correct and that due diligence has been exercised in making, servicing, and collection of the loan for which payment is requested, and has followed the claims procedures established by the CSLP prior to submission of this claim.*



LOAN INFORMATION

O.S.D. ___/___/___ Lender Notified___/___/___ Student SSN___/___/___

Original Conversion Date___/___/___

The student's *Out-of-School Date (O.S.D.)* must be indicated. (Submit documentation if this date differs from CSLP data.)

Enter the date the lender received notification of the student's out-of-school date.

For SLS and Plus Loans, indicate the date of the *final* disbursement. For Stafford Loans, indicate the first day following the expiration of the grace period, which is the first day the borrower is charged interest on the loan.

This SSN must be completed for Plus Loan claims only.

This date *must be completed* and is the date the next payment is due. For example, if the last payment a borrower made was July 1, 1991, and the borrower made no further payments, the next payment due date would be August 1, 1991.

Enter the exact payment due each month.

Next Due Date:___/___/___ Monthly Payment Amount________

Int. Rate____.__% TYPE: ☐ FXD ☐ ADJ ☐ VAR Unpaid Accrued Interest From___/___/___

Enter the *Interest Rate* as of the date of default.

The *Type* of interest rate must be one of the following:

FXD = *fixed*
ADJ = *adjustable* (8 - 10%)
VAR = *variable* (SLS or Plus Loan)

Indicate the date from which interest has accrued and the lender is requesting on the claim. *DO NOT INCLUDE PERIODS OF TIME FOR WHICH INTEREST WAS CAPITALIZED.* This date may be one of the following:

- ○ the date following the date through which the borrower paid the interest if there have been payments made; or
- ○ the date following the date through which the U.S. Department of Education paid the interest on a Stafford Loan if the claim went into repayment with no payments; or
- ○ the date following the last date of a deferment or of a forbearance for which interest has been capitalized.

The type of loan *must* be indicated.

☐ Stafford Loan ☐ PLUS Loan ☐ SLS Loan ☐ Consolidated

Creator #	Disb Date	Orig Loan Amt	Refund Amt	Unpd Princ Bal	Cap'd Interest	Total Reqstd
This *Creator Number* is the loan "identifier" and *must* be entered (find # on "Notification of Loan Approval and Guarantee" in the borrower's name and address box).	All *Disbursement Dates* must be listed. If there are multiple dates, repeat the *Creator #* OR use repeat marks (") to indicate the numbers are the same but dates are different.	Enter the *Original Loan Amount* that was guaranteed and is on the "Notification of Loan Approval and Guarantee" by *Creator #*.	Enter the *Refund Amount* of any refund received from the school. The amount must be broken down and listed for each loan by *Creator #*.	Enter the total outstanding, *Unpaid Principal Balance* for each *Creator #*.	Enter the total *Capitalized Interest* per *Creator #*.	For the *Total Requested*, enter the sum of the *Unpaid Principal Balance* and *Capitalized Interest* being requested on the claim by *Creator #*.

NOTE: All loans for a borrower of the same type and interest rate that have been combined on the lender's system and which have the same due date, collection history, payment history, etc., may be placed on the same LR-2; however, each loan must be broken down and listed by *Creator #*.

NON-GUARANTEED LOANS

CSLP Ready Reference

In the event that a guaranteed student loan (Stafford, SLS, Plus, or Consolidation) becomes non-guaranteed as a result of due diligence violations, the lender may implement the cure procedure, developed by the U. S. Department of Education, to reinstate the guarantee. This Ready Reference provides general information concerning how to define non-guaranteed loans and interest penalties as they relate to missed due diligence activities during the Prospective period For more detailed information and for details concerning the Retrospective period (for loss of guarantee prior to May 1, 1988) refer to the Dear Guarantee Agency Director Letter, dated March 11, 1988 (88-G-138).

The Prospective Period

For due diligence violations occurring on or after May 1, 1988:

- ✓ No additional cure activity is required nor will CSLP penalize interest or principal at the time of claim if there is no violation of CSLP and federal requirements of 6 days or more (21 days or more for a transfer).
- ✓ If there are one or two violations of 6 days or more each (21 days or more for a transfer), and no gap of 46 days or more (61 days or more for a transfer), principal will be paid, but accrued interest for the delinquency period will be limited to amounts accruing through the date of default. The loan ceases to be eligible for special allowance benefits the day following the date of default.
  - The lender must complete the one or two missed activities before the claim filing deadline to be eligible for 180 days of interest.
  - If the lender fails to complete the one or two missed activities before the claim filing deadline, accrued interest for the delinquency period will be limited to amounts accruing through the 90th day of delinquency. The loan ceases to be eligible for special allowance benefits on the 91st day of delinquency.
  - If one of the omitted activities is the lender's failure to request pre-claim assistance by the 70th day of delinquency, but pre-claim assistance is requested no later than the 240th day, CSLP will pay accrued interest through the 210th day of delinquency.
  - If one of the omitted activities is the lender's failure to request pre-claim assistance by the 70th day of delinquency, and the lender fails to request pre-claim assistance by the 240th day, CSLP will pay no accrued interest.
- ✓ If there are 3 violations of 6 days or more each (21 days or more for a transfer) and no gap of 46 days or more (61 days or more for a transfer) in order to be eligible for claim payment, the lender must:
  - Obtain a full payment; or
  - Obtain a signed repayment agreement; or
  - Locate the borrower and perform specific additional due diligence activities.
    Note: Performance of the locate activities does not result in the reinstatement of the guarantee unless the lender receives a full payment or a signed repayment agreement.
  - The lender's successful completion of the cure, either receipt of one full payment or a signed repayment agreement allows CSLP to pay the lender outstanding principal and interest that accrues from reinstatement of the guarantee.
  - The lender's successful completion of the locate activities, permits CSLP to pay the lender outstanding principal and interest that has accrued up to the time of the first unexcused violation, not to exceed 180 days of interest.
- ✓ If there are more than 3 violations of 6 days or more each (21 days or more for a transfer) of any type, and a gap of 46 days or more (61 days or more for a transfer) and at least one violation, in order to be eligible for claim payment, the lender must:

- Obtain a full payment; or
- Obtain a signed repayment agreement.
- Interest paid at the time of claim will be limited to that which accrues from reinstatement of the guarantee.

Timely Filing Violation

✓ If a lender fails to file a default claim by the 270th day of delinquency, in order to be eligible for claim payment, the lender must:

- Obtain a full payment; or
- Obtain a signed repayment agreement; or
- Locate the borrower and perform specific additional due diligence activities.
  Note: Performance of the locate activities does not result in the reinstatement of the guarantee unless the lender receives a full payment or a signed repayment agreement.
- The lender's successful completion of the cure, either receipt of one full payment or a signed repayment agreement allows CSLP to pay the lender outstanding principal and interest that accrues from reinstatement of the guarantee.
- The lender's successful completion of the locate activities, permits CSLP to pay the lender outstanding principal and interest that has accrued up to the time of the first unexcused violation, not to exceed 180 days of interest.

Death, Disability and Bankruptcy Claims

✓ If a lender fails to file a **death** or **permanent and total disability** claim by the 60th day following official notification of the death or permanent and total disability, CSLP will honor the claim if:

- All federal and state due diligence activities were performed within the required time frames; or
- The appropriate cures or location activities were performed and completed for loans where the guarantee had been lost and subsequently reinstated prior to the lender's knowledge of the borrower's death or permanent and total disability.
  - CSLP will pay the total principal and the interest up to the expiration of the 60-day filing period.
  - The lender must cease to bill the U. S. Department of Education for interest and special allowance benefits after the expiration of the 60-day filing period.

✓ If a lender fails to comply with the timely filing requirement applicable to **bankruptcy** claims, CSLP will not excuse the timely filing violation unless the following criteria applies, in which case the lender is to treat the loan as if in default:

- The lender can demonstrate that the bankruptcy action has concluded; and
- The loan has not been discharged in bankruptcy; or
- If the loan was previously discharged, it has been the subject of a reversal of the discharge.
  - CSLP will pay the total principal and the interest up to the expiration of the 30-day filing period for the bankruptcy claim and any interest which accrued from the point that an approved cure was achieved, either one full payment or a signed repayment agreement, subsequent to the timely filing violation for the bankruptcy claim.
  - The lender must cease to bill the U. S. Department of Education for interest and special allowance benefits during the period of non-guarantee; that being the period from the expiration of the 30-day filing period for the bankruptcy claim up to the date thereafter that the violation is cured by receipt of one full payment or a signed repayment agreement.

Want to Know More? See:

Title 34 of the Code of Federal Regulations, § 682.411, Dear Guarantee Agency Director letter, 88-G-138, dated March 11, 1988, and CSLP Bulletin, 88-1/B, dated April 8, 1988.

The U. S. Department of Education has developed the following cures to reinstate the guarantee on a loan which has become non-guaranteed as a result of due diligence violations or violations in the timely filing requirements for claim payment.

FULL PAYMENT

(1) A *full payment* means payment(s) made by the borrower, or someone other than the lender or servicer, equal to a payment established by the repayment schedule in effect at the time the guarantee was lost. This excludes any forbearance agreement, which reduced monthly payments, that was in effect at the time the guarantee was lost.

(2) The guarantee is reinstated as of the date the lender receives a *full payment*, or the last of a series of payments made by the borrower and the sum total of all of the payments equals a *full payment*. The borrower is considered to be current as of this date.

(3) A non-guaranteed loan, cured by a *full payment*, which is later filed as a claim must include evidence that the payment(s) was made by someone other than the lender or servicer.
  (a) For a *full payment* made in the form of a personal check or other means that identifies the payor, a copy of the payment instrument (a copy of the personal check) must be included with the claim documentation.
  (b) For a *full payment* made in cash, money order, or other means that does not identify the payor, a senior officer of the lender or servicer must certify that the payment was not made by the lender or servicer. The *Colorado Student Loan Program Certification of Borrower Payment* form may be used for this purpose.

(4) A lender may capitalize interest between the first unexcused violation and the first *full payment* which reinstates the guarantee; however, should the loan later come to claim the capitalized interest must be deducted.

SIGNED REPAYMENT AGREEMENT

(1) A *signed repayment agreement* is a CSLP Repayment Addendum and Disclosure Form (CSLP Form 106) or other approved format, signed by the borrower.
  (a) When completing the repayment agreement, the lender must consider any period of time the borrower was in repayment prior to the date the loan became non-guaranteed. The lender may not establish repayment terms which would extend the borrower's total repayment period beyond the 10-year (120 months) time frame.
  (b) The period during which the loan is considered non-guaranteed, may be treated as if a forbearance had been granted. This time period is excluded from the 10-year repayment time frame.
  (c) Interest which accrues during the non-guaranteed period may be disclosed on the repayment agreement as capitalized interest.

(2) The guarantee is reinstated as of the date the lender receives the *signed repayment agreement*, and the borrower is considered to be current.
  (a) In the event that the scheduled date for the first payment, indicated on the repayment agreement, has passed when the lender receives the signed repayment agreement, the lender:
    (i) Considers the borrower current as of the date the signed form is received; and

(ii) Considers the first payment due in the month following the date the *signed repayment agreement* is received; and
(iii) Exercises due diligence based on the new first payment due date.

(3) A copy of the *signed repayment agreement* must be submitted as evidence of the cure should the loan later be submitted for claim payment.

DEFINITIONS

Gaps:	A gap in due diligence is the time between the initial delinquency and subsequent due diligence activities, including the lender's request for pre-claims assistance. This also includes the time between the lender's discovery that a borrower has skipped and the lender's first skip tracing activity. If the lender has performed all of the required due diligence in each window, gaps do not necessarily, by themselves, constitute violations of due diligence.
Prospective Period:	The period on or after May 1, 1988. The lender shall use the cures and definitions for the prospective period if all of the violations occurred on or after May 1, 1988, OR if violations occurred before and after May 1, 1988.
Retrospective Period:	The period after March 10, 1987, and prior to May 1, 1988. If all due diligence violations exist during the retrospective period, the lender is to use the cures and definitions of violations established for that period of time.
Transfer:	Transfer means any action, including, but not limited to, the sale of the loan, that results in a change in the system used to monitor or conduct collection activity on a loan from one system to another. A transfer extends the permissible gap for the first activity following the transfer.
Unexcused Violations:	Unexcused violations are failures of due diligence or timely filing that result in the loss of guarantee and require additional activity to reinstate the guarantee.

GENERAL INFORMATION

☐ The guarantee must be lost on a loan before a lender is permitted to use an approved cure and deem the loan current.

☐ Loans which have become non-guaranteed are not eligible for interest and special allowance benefits. The lender must cease billing for interest and/or special allowance on any such loan AND reimburse the federal government retroactively to the occurrence of the first unexcused violation.

☐ Violations of due diligence do not result if letters precede telephone calls during the due diligence windows.

☐ The guarantee is reinstated on the date the lender receives a new signed repayment agreement or the curing payment. The borrower is considered to be current in repaying the loan and is entitled to all rights and benefits available to borrowers who are not in default. The lender shall then follow the collection and timely filing requirements applicable to the loan. The exception to this basic concept is if a cure is so late as to bar a suit by CSLP based upon a statute of limitations should the loan later default.

Want to Know More? See:

Title 34 of the Code of Federal Regulations, § 682.411, Dear Guarantee Agency Director letter, 88-G-138, dated March 11, 1988, and CSLP Bulletin, 88-1/B, dated April 8, 1988.

LOCATION & MORE
CSLP Ready Reference

The U. S. Department of Education has developed the following location definition and due diligence activities in order for a lender to obtain eligibility for claim payment on a loan where the guarantee has been lost as a result of due diligence violations or violations in the timely filing requirements for claim payment. It is important to note that successful completion of borrower location and the required location due diligence activities does not reinstate the guarantee on the loan.

LOCATION

Only the following documentation is acceptable as evidence that the lender has located the borrower:

(1) A postal receipt signed by the borrower not more than 15 days prior to the date on which the lender sent the new repayment agreement, indicating acceptance of correspondence from the lender by the borrower at the address shown on the receipt; or
(2) Documentation submitted by the lender showing:
  (a) The name, identification number, and address of the lender;
  (b) The name and Social Security number of the borrower; and
  (c) A signed certification by an employee or agent of the lender that:
    (i) On a specified date, he or she spoke with or received written communication (attached to the certification) from the borrower on the loan underlying the default claim, or a parent, spouse, sibling, roommate, or neighbor of the borrower; and
    (ii) The address and telephone number of the borrower were provided to the lender in the telephone or written communication; and
    (iii) In the case of a borrower whose address or telephone number was provided to the lender by someone other than the borrower, the new repayment agreement and the letter sent by the lender in accordance with the Location Due Diligence requirements had not been returned undelivered as of 20 days after the date those items were sent.

REQUIRED DUE DILIGENCE ACTIVITY FOLLOWING LOCATION

(1) Within 15 days after location, the lender must send to the borrower, at the address at which the borrower was located, a new repayment agreement, requiring the borrower's signature and complying with the ten-year repayment limitations, along with a collection letter indicating in strong terms the seriousness of the borrower's delinquency and its potential effect on his/her credit rating if repayment is not commenced or resumed.
(2) If, within 15 days after the lender sends these items, the borrower fails to make a full payment or to sign and return the new repayment agreement, the lender shall, within 5 days thereafter, diligently attempt to contact the borrower by telephone (at least 2 phone attempts on different days and at different times of the day).
(3) Within 5 - 10 days after completing these efforts, the lender shall again diligently attempt to contact the borrower by telephone (at least 2 phone attempts on different days and at different times of the day).
(4) Finally, within 5 - 10 days after completing these efforts, the lender shall send a forceful collection letter indicating that the entire unpaid balance of the loan is due and payable, and that, unless the borrower immediately contacts the lender to arrange repayment, the lender will be filing a default claim with the guarantee agency.

(5) If the borrower does not make a full payment, or sign and return the new repayment agreement, on or before the 30th day after the lender completes the additional collection efforts described above:
   (a) The lender shall deem the borrower to be in default; and
   (b) The lender shall file a default claim on the loan, accompanied by acceptable evidence of location, within 30 days after the end of such 30-day period; and
   (c) CSLP will pay interest up to 180 days; and
   (d) Special allowance benefits are not reinstated under this provision.

CSLP PENALTIES

CSLP will limit interest payment at the time of claim to 210 days of interest if the lender fails to comply with one of the following requirements:

- The completion of collection activities which must be performed relative to the co-signer on a loan.
- The timely request of pre-claims assistance. CSLP must receive this request no later than the 70th day of delinquency, and before the 240th day.of delinquency. The 210 days of interest will be paid if the untimely request for pre-claims assistance is the only due diligence violation.
- The lender must follow-up with the borrower or endorser within 10 days following the date the borrower or endorser promised to make a payment and that payment has not been received.
- The lender must send deferment or forbearance forms and/or information within 10 days of the date the request is made.

INSUFFICIENT FUNDS

Given the fixed time frames in the required due diligence cycle, checks drawn on accounts with insufficient funds pose a special problem. In that regard, the Department has advised that upon receiving notice that a check has been dishonored, the lender shall do the following:

- Treat the payment as having never been made for purposes of determining the number of days delinquent that the borrower is at that time; and
- Begin (or resume) attempting collections on the loan, commencing with the first 30-day delinquency period that begins after the 30-day delinquency period in which the notice of dishonor is received.

Want to Know More? See:

CSLP Rules and Regulations, Chapter III, Dear Guarantee Agency Director letter, 88-G-138, dated March 11, 1988, and CSLP Bulletin, 88-1/B, dated April 8, 1988.

SECTION II: THE LENDER, Consolidation

Tabular Table of Contents*

Tab Summary:

Borrower eligibility and general program requirements for the consolidation loan are covered in this section.

CSLP Ready References:

ORDER	TITLE	NUMBER	DATE	NEW ✓
1.	Consolidation Loans	RR034	February 28, 1992	✓

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* The *Tabular Table of Contents* establishes a recommended order for the *CSLP Ready References* inserted behind this tab heading. New and revised *CSLP Ready References* are designated with a (✓) in the NEW column. Revisions are designated by date. *CSLP Ready References* with older dates are obsolete but may be retained for historical reference.

CONSOLIDATION LOANS

CSLP Ready Reference

Loan consolidation enables a borrower with loans from different lenders or with different type of student loans to obtain one loan with one interest rate and repayment schedule. Loan consolidation allows a lender to pay off the existing loans and make one "consolidation" loan to replace them. Lenders must have an agreement with the U.S. Department of Education or the Colorado Student Loan Program or other guarantee agency to offer Consolidation Loans. Consolidation options must be presented to student borrowers during exit counseling.

Consolidation Loans do not increase the Stafford Loan or Supplemental Loans for Students loan limits; aggregate loan limits must include any portion of a borrower's Consolidation Loan used to repay a Stafford Loan or SLS.

Consolidation Loans allow the borrower to make just one payment per billing period and may result in lower payments per billing period. The number of years in repayment may be extended depending upon the borrower's loan balance of eligible loans and the consolidation loan. However, with an extended repayment period, the borrower is likely to pay a higher total amount of interest.

LOANS THAT MAY BE CONSOLIDATED

- Stafford Loans/Guaranteed Student Loans (GSL's)
- Supplemental Loans for Students (SLS's)
- Federally Insured Student Loans (FISL's)
- Perkins Loans/National Direct Student Loans (NDSL's)
- PLUS loans for students/Alternative Loans to Assist Students (ALAS)
- Health Professions Student Loan (HPSL's)

LOANS THAT MAY NOT BE CONSOLIDATED

- Plus Loans made by parents for dependent students
- Health Education Assistance Loans (HEAL's)
- Other loans not listed above

REQUIREMENTS

To be eligible for loan consolidation, a borrower must:

- have a debt of at least $5,000 in eligible loans being consolidated;
- be in the grace period or in repayment status on all loans being consolidated;
- not be over 90 days delinquent on any loan being consolidated;
- not be in default on any loan being consolidate; and
- not have another consolidation loan application pending.

INTEREST RATE

The interest rate for Consolidation Loans is 9 percent or the weighted average of the interest rates of the loans consolidated (rounded to the nearest whole percent), whichever is greater. In determining the weighted average, the interest rate used is that in effect for each loan at the time the borrower's repayment obligations have been discharged on all loans selected for consolidation. For example, for a Stafford Loan at the 8/10 adjustable rate, or an SLS with a variable rate, the rate used would be the rate at the time the Stafford and/or SLS was discharged by payment from the consolidating lender.

DEFERMENTS

- during periods of unemployment, totaling up to 24 months
- during a period when the borrower is enrolled full-time in an approved postsecondary program or half-time as a new borrower who has obtained a loan for the current period of enrollment
- during a full-time course of study in an eligible graduate fellowship program
- during an approved rehabilitation training program for the disabled
- up to 3 years during certain periods of temporarily totally disability of the borrower, spouse, or dependent

Deferments for Consolidation Loans are the same as those for Plus Loan borrowers. Students should understand that consolidation of Stafford Loans and SLS's will result in fewer deferment options than were available to them under those loan programs. As with SLS's and Plus Loans, the borrower must pay the interest on Consolidation Loans during periods of deferment; however, the lender may agree to let the interest accumulate until the deferment ends. (Forbearances may also be applicable depending upon the lender and circumstances.)

INSURANCE PREMIUMS AND ORIGINATION FEES

These fees are not applicable to Consolidation Loans

REPAYMENT

- The borrower's first payment must be due within 60 days after consolidation unless deferred.
- There are a number of repayment options which may be based on graduated repayment schedules or on an income-sensitive repayment schedule.
- The minimum installment payment will be equal to no less than the accrued unpaid interest.
- The repayment period varies from 10 to 25 years depending on the amount consolidated:

Total Indebtedness at the Time of Consolidation[1]	*Maximum Number of Years to Pay Back Loan*
$ 5,000 - $7,499	Up to 10 years
$ 7,500 - $ 9,999[2]	Up to 12 years
$10,000 - $19,999	Up to 15 years
$20,000 - $44,999	Up to 20 years
$45,000+	Up to 25 years

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[1] The total indebtedness may include other eligible loans not being consolidated (up to the same amount being consolidated).

[2] Provided $5,000 is a Stafford Loan or GSL balance.

SECTION II: THE LENDER, Refinancing

Tabular Table of Contents*

Tab Summary:

Refinancing options are discussed in this section.

CSLP Ready References:

ORDER	TITLE	NUMBER	DATE	NEW ✓
1.	Refinancing	RR035	February 28, 1992	✓

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* The *Tabular Table of Contents* establishes a recommended order for the *CSLP Ready References* inserted behind this tab heading. New and revised *CSLP Ready References* are designated with a (✓) in the NEW column. Revisions are designated by date. *CSLP Ready References* with older dates are obsolete but may be retained for historical reference.

REFINANCING
CSLP Ready Reference

Loan refinancing is only available to Supplemental Loans for Students (SLS) and Plus Loan borrowers. There are three refinancing options: refinancing to combine payment, refinancing to obtain a variable interest rate, and refinancing to make a new loan.

Refinancing must be presented to student borrowers during exit counseling.

Options:

- **Refinancing to combine loans into a single payment.** A lender may refinance all loans it hold to combine them into a single repayment schedule. The interest rate on the refinanced loan will be the weighted average of the rates of all the loan included, and the repayment period will be 10 years. Repayment will begin on the first day of repayment for the most recent loan included. The borrower is not charged an additional insurance premium for refinancing, and a new promissory note is not required.

  The primary advantage of this option is that the borrower will have one payment per billing period.

- **Refinancing to obtain a variable interest rate.** Outstanding fixed-rate SLS's or Plus Loans may be refinanced at the variable interest rate. The borrower may be charged a fee of up to $100 per loan for administrative costs, but no additional insurance premium may be charged.

  The primary advantage of this option is that the borrower may pay a lower total in interest during the repayment period. Variable rates have been in effect for loans borrowed July 1, 1987 or later and have a maximum rate of 12%. Prior to this date, rates were fixed at 12%, 14%, or 9% depending on when the loan was made.

- **Refinancing to discharge previous loans and make a new loan.** If the lender refuses the borrower's request for refinancing to obtain the variable interest rate, the borrower may apply to another lender for a new loan to pay off (discharge) the original loans held by the previous lender. The borrower may be charged an insurance premium buy may not be charged a refinancing fee. The repayment period of the original loans may not be extended unless required by a change in the interest rate.

Want to Know More? See:

The Federal Student Financial Aid Handbook and former CSLP brochure on refinancing

SECTION II: THE LENDER, The Program Review Process

General Information

PROGRAM REVIEW. CSLP is required by state law and federal regulations to periodically review the ability of a lender,[1] to administer the GSL programs (Stafford, SLS and Plus).[2] Such *Program Reviews* are conducted by CSLP's Compliance, Training, and Investigations Department and concentrate on a lender's due diligence in originating, servicing and collecting the loans by examining a random sample of the lender's loan files. In addition to the evaluation of the lender's compliance with federal and state law and regulations, the review provides an opportunity for the lender to ask technical questions and request assistance of CSLP.

Reviews are scheduled by the *Program Officer(s)* conducting the review with the Student Loan Officer by phone. Subsequently, the review is announced formally by letter to the president of the lending institution in advance of the on-site visit by CSLP. The announcement letter also contains a list of items such as policies and procedures, forms and copies of the Lender's Interest and Special Allowance Request and Report (ED Form 799) for several quarters, which are to be sent to CSLP prior to the on-site visit. The visit usually consists of two or three days. Either prior to or during the visit, the *Program Officer* provides a list of specific borrowers from a computer-generated random sample. Other files for borrowers who have problems or complaints are requested as applicable.

Once on-site, the *Program Officer* conducts an entrance interview with the key student loan personnel responsible for processing GSL's. This session is conducted primarily to orient the Program Officer to the lender's internal policies, procedures, personnel, and other lender information. This session is also designed to provide the lender personnel with an initial opportunity to ask questions concerning the review process. After the review of files and further discussions with student loan personnel about lender processes, an exit interview is held with the key student loan personnel and their supervisors--the president, and vice-presidents, as applicable, are strongly urged to attend the exit interview. During this interview, the *Program Officer* gives an oral summary of the findings of the *Program Review* and provides the participants with an opportunity to comment and ask questions. This session also contains the officer's assessment of satisfactory and outstanding practices and performances of the lending institution.

WRITTEN REPORT. A written report containing the formal results of the *Program Review* is sent to the lender after the on-site visit. The *Program Review* report is written on an *exception basis*--only areas of deficiencies or problems requiring correction are included. The report identifies the areas reviewed, explains the basic sample data, and indicates the *Exceptions* and how they must be addressed in a written response the lender may be required to make to the review report. Subsequent reports may follow upon a lender's response(s). The *Program Review* is closed formally by letter. If the review findings do not require a response, the review is closed with the initial review report.

Each *Exception* narrative is headed by a title, followed by a paraphrase of the applicable law or regulation; cite references to *Title 34 of the Code of Federal Regulation (CFR)*, the *Higher Education Act of 1965*, as amended (HEA), and other references; the actual findings; and a section identifying any *Corrective Actions* that the lender must perform as a result of the findings. The narratives are intended to assist the lender in its response to the *Program Review* and in its administration of the GSL Programs. A sample of *Exception* titles and paraphrases is contained in the following pages.

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[1] The term "lender" also includes a servicer and/or a secondary market.

[2] CSLP is not required to review all lenders that participate with CSLP or within its designated area of service. Regulations specify that Guarantee Agencies must review high-volume lenders unless the U.S. Department of Education approves alternative *Program Review* plans. CSLP attempts to review more lenders than those required by regulation. A Guarantee Agency may also arrange a reciprocal agreement with another Guarantee Agency to conduct *Program Reviews*.

BORROWER'S COPY OF LOAN DOCUMENT(S) IN FILE

The borrower's copy of a loan document(s) was found in the borrower's file [cf 34 CFR 682.206(d)(3) and cf. Public Law, 1986, Section 433].

CAPITALIZED INTEREST

The amount of interest which was accrued and capitalized is incorrect [cf. 34 CFR 682.202(b)].

CAPITALIZED INTEREST NOT DISCLOSED

The institution failed to disclose capitalized interest to the borrower(s) [cf. 34 CFR 682.205(b)(3), cf. Public Law, 1986, Section 433(b)(3) and CSLP Rules and Regulations X(B)].

CHECK ENDORSEMENT

A Stafford, SLS, and/or PLUS loan check was not endorsed by the borrower(s) [cf. 34 CFR 682.207(b)(1)].

COLLECTION LETTERS

The collection letters being used by the institution for the student loans do not comply with federal and/or state regulations [cf. 34 CFR 682.411 and CSLP Rules and Regulations III(D)(4)].

DISBURSEMENT PRIOR TO DATE OF GUARANTEE

Stafford Loan, SLS and/or PLUS loan funds were disbursed prior to the date the loan(s) was officially guaranteed by the Colorado Student Loan Program [cf. 34 CFR 682.207(b)(1)(i)].

DISBURSEMENT DATE PRIOR TO SIGNATURE DATE

It appears that Stafford Loan funds were disbursed prior to the date the promissory note was signed [34 CFR 682.206].

DISBURSEMENT NOT SENT TO SCHOOL

The institution disbursed Stafford Loan and/or SLS loan funds either directly to the student, or to the student's account with the lending institution rather than disbursing the funds to the school [cf. 34 CFR 682.207(b)(1)(iv)(A)].

DISCREPANCY IN LAST DATE OF ATTENDANCE

There is a discrepancy in the last date of attendance for the following borrower(s) which potentially affects the validity of repayment conversions, deferments and/or forbearances granted [cf. 34 CFR 682.209 and 682.210; cf. Public Law, 1986, Section 428]:

DUE DILIGENCE

The time of day was not indicated for telephone attempts made while the institution was exercising due diligence in collecting delinquent student loans [34 cf. 682.411, the comment section].

DUPLICATE PROMISSORY NOTES

Both the promissory note attached to the student loan application as well as the computer generated promissory note have been signed by the borrower and the original copy of each promissory note has been retained by the institution [682.206(d)].

EARLY CONVERSION

The institution converted a Stafford loan to repayment prior to the expiration of the borrower's grace period [cf. 34 CFR 682.209].

EARLY DISBURSEMENT

Stafford Loan, SLS and/or PLUS loan funds were disbursed more than thirty days prior to the beginning of the loan period [cf. 34 CFR 682.207(b)(iii)].

ENROLLMENT IN QUESTION

There is a discrepancy in the enrollment record for the following borrower(s) which potentially affects the status of the borrower's loan(s) [cf. 34 CFR 682.209 and 682.210; cf. Public Law, 1986, Section 428]:

EVIDENCE OF DISBURSEMENT

The institution did not maintain evidence of disbursement [cf. 34 CFR 682.414(a)(3)].

FIRST PAYMENT DUE DATE

The institution failed to establish the first payment due date within the permissible time frame [CSLP Rules and Regulations IX(B)(2), Dear Guarantee Agency Director letter, 88-G-138, March 11, 1988 and CSLP Bulletin, 88-1/B, April 8, 1988].

IMPROPER LOAN CHECK

Stafford Loan and/or SLS loan checks were made payable to the student "or" the educational institution, and/or made payable to the educational institution alone [cf. 34 CFR 682.207(b)(1)(ii)(A)].

INACCURATE PROMISSORY NOTE

There is a discrepancy between the written amount and the numerical amount on the promissory note.

INCOMPLETE DUE DILIGENCE

Due diligence was not properly performed in accordance with federal regulations [cf. 34 CFR 682.411(a-f), Dear Guarantee Agency Director letter, 88-G-138, March 11, 1988, and CSLP Bulletin, 88-1/B, April 8, 1988].

INCOMPLETE REPAYMENT ADDENDUM

The Repayment Addendum, required to be sent to the borrower at the time of or prior to the repayment period, is incomplete [cf. Public Law, 1986, Section 433].

INCORRECT TERMS OF REPAYMENT

The terms of repayment established for a borrower are not in accordance with federal regulation [cf. 34 CFR 682.209(c)].

INCORRECT TERMS OF REPAYMENT - BALLOON PAYMENT

The terms of repayment established for Stafford borrowers with the 8% - 10% adjustable rate have been disclosed with a balloon payment at the conclusion of the four year period [cf. 34 CFR 682.209 (a)(5) and cf. Public Law, 1986, Section 433].

INVALID DEFERMENT

The institution granted a deferment to a borrower when he/she did not meet the eligibility criteria for the deferment or he/she did not provide sufficient documentation evidencing his/her eligibility for the deferment [cf. 34 CFR 682.210(4), Public Law, 1986, Section 428(M) and Dear Colleague Letter, GEN-87-29].

INVALID POST-DEFERMENT GRACE PERIOD

A borrower was given a post deferment grace period when, in fact, the borrower was not eligible to receive the post deferment grace period [cf. 34 CFR 682.210(a)(2)].

LATE CONVERSION

The institution failed to convert Stafford loan(s) to repayment at the expiration of the grace period [cf. 34 CFR 682.209(a)(2)].

LATE CONVERSION - LOSS OF GUARANTEE

The institution failed to convert Stafford, PLUS and/or SLS loans to repayment in accordance with federal regulations which resulted in the loss of the guarantee [cf. 34 CFR 682.209(a), CSLP Rules and Regulations IX(B)(2), Dear Guarantee Agency Director letter, 88-G-138, March 11, 1988, and CSLP Bulletin, 88-1/B, April 8, 1988].

LATE DISBURSEMENT

Stafford Loan, SLS and/or PLUS loan funds were disbursed after the expiration of the loan period without prior approval from the Colorado Student Loan Program Appeals Committee or in violation of cf. Public Law, 1989, Section 428G [cf 34 CFR 682.207(d), cf. Public Law, 1989, Section 428G(b) and (d), Dear Colleague letter, 89-G-174, dated December, 1989 and CSLP Alert, Vol. 90 No. 2a, dated January 5, 1990].

LENDER'S INTEREST AND SPECIAL ALLOWANCE REQUEST AND REPORT (ED FORM 799)

Specific items on the December, 1989 - June, 1991 Lender's Interest and Special Allowance Request and Reports (ED FORM 799) do not balance with corresponding items within each form [cf.34 CFR 682.300, 682.302, 682.303, ED's 799 Explanation: Self-Instructional Workbook for the Lender's Interest and Special Allowance Request and Report, pgs. VII-11 through VII-17 and Dear Colleague letter, 86-L-97].

(THE) LENDER'S REQUEST FOR INTEREST AND SPECIAL ALLOWANCE (ED FORM 799) VS. THE CALL REPORT

Specific items on the September, 1989 billing for interest and special allowance, as noted in the Findings below, did not balance with corresponding items on the September 30, 1989, Call Report [cf. 34 CFR 682.300, 682.302, 682.303 and Dear Colleague letter, 86-L-97].

LOANS INCORRECTLY REPORTED ON THE LENDER'S INTEREST AND SPECIAL ALLOWANCE REQUEST AND REPORT (ED FORM 799)

Loans were reported using an incorrect origination fee, interest and/or special allowance billing code on the Lender's Interest and Special Allowance Request and Report (ED Form 799) [cf. 34 CFR 682.300, 682.302, 682.303, ED's 799 Explanation: Self-Instructional Workbook for the Lender's Interest and Special Allowance Request and Report, Units III (Loan Origination Fee), IV (Interest Benefits) and V (Special Allowance)].

LENGTH OF DEFERMENT

The established date for the end of a deferment(s) does not comply with current regulation and/or federal policy [cf. 34 CFR 682.210(a)(6) and the USDE letter, dated December 7, 1988, which addresses SLS deferments].

LOAN PAID-IN-FULL

The promissory note was not returned to the borrower when the loan was paid-in-full [cf. 34 CFR 682.414(a)(4)(ii)].

LOSS OF ELIGIBILITY FOR DEFERMENT

The institution failed to reconvert loan(s) to repayment status in a timely manner upon notification that the borrower(s) ceased to be eligible for the deferment or as of the expiration of the deferment period [cf. 34 CFR 682.210(a)(6), CSLP Rules and Regulations X(C)(1)(b) and (2), Dear Guarantee Agency Director letter, 88-G-138, March 11, 1988 and CSLP Bulletin, 88-1/B, April 8, 1988].

MISSING FORBEARANCE DOCUMENTATION

Documentation supporting the granting of a forbearance was not located in the borrower's student loan file [cf. 34 CFR 682.211(b) and (c)(1) and (c)(2)].

MISSING PRE-CLAIM REQUEST

The institution failed to submit a pre-claims request or the pre-claims request was not submitted within the required time frame [cf. 34 CFR 682.411(h), CSLP Rules and Regulations III(B)(10) and CSLP Bulletin 88-1/B, April 8, 1988].

MISSING PROMISSORY NOTE

Original promissory notes could not be located during the course of the program review [cf. 34 CFR 682.206(d),682.414(a)(3) and CSLP Rules and Regulations III (D) (10)].

MISSING RECORDS

The institution was not able to locate various loan records during the course of the review [cf. 34 CFR 682.414 and CSLP Rules and Regulations III (B) (4)].

NO CONTACT DURING FORBEARANCE

During an authorized period of forbearance where all payments, principal and interest, were postponed, the lender failed to contact the borrower every three months in order to remind the borrower of his/her obligation to repay the loan [cf 34 CFR 682.211(c)(3)]

NO GUARANTEE CERTIFICATE

The institution was not able to provide a guarantee certificate for specific Stafford, SLS and/or PLUS loans during the course of the review [cf. 34 CFR 682.207(b)(1)(i) and 682.414(a)(3)(i) and (ii)(K)].

NOTICE TO CO-SIGNER

The institution failed to obtain a signed "Notice to the Co-signer" on a loan where a co-signer signed the promissory note [Ruling from the Federal Trade Commission, published in the Federal Register dated March 1, 1984 effective March 1, 1985, CSLP Bulletin copy attached].

POST-DEFERMENT GRACE PERIOD

The institution failed to grant the borrower a post-deferment grace period on a Stafford Loan disbursed prior to October 1, 1981 [cf. 34 CFR 682.210(a)(2)].

PREPAYMENT

The institution failed to properly apply a prepayment received from the borrower during repayment [cf. 34 CFR 682.209(b)].

REFUND

The institution applied a refund to a Stafford Loan as a prepayment, when, in fact, the refund should have totally cancelled the second disbursement with the overage being applied as a prepayment to the first disbursement [cf. 34 CFR 682.202(c)(4) and 682.401(6)(iii)].

REFUND MISAPPLIED

The institution incorrectly applied a school refund to the borrower's outstanding interest and advanced the borrower's next payment due date [cf. 34 CFR 682.209(e)].

REQUEST FOR DEFERMENT

The institution failed to obtain a borrower's request for a deferment [cf. 34 CFR 682.210(a)(4)].

REQUESTED DEFERMENT NOT GRANTED

The institution failed to grant a deferment even though the institution was in receipt of a valid request for the deferment as well as documentation indicating the borrower was eligible for the requested deferment [cf. 34 CFR 682.210(a)(1)].

SKIPTRACING

The lender did not initiate required skiptracing activities, commence the skiptracing activities within the required time frame and/or adequately document its skiptracing efforts [cf. 34 CFR 682.411(g), CSLP Rules and Regulations III(D)(5) and Dear Colleague letter, G-86-97, December, 1986].

TRANSACTIONS NOT REPORTED

Transactions were not reported or were not reported in a timely fashion to CSLP [CSLP Rules and Regulations III(B)(2) and III(B)(5)].

SECTION II: THE LENDER, Record Keeping Requirements

Tabular Table of Contents*

Tab Summary:

Record keeping requirements for lenders including records which must be maintained, time frames and approved storage formats.

CSLP Ready References:

ORDER	TITLE	NUMBER	DATE	NEW ✓
1.	Record Keeping Requirements	RR026	February 28, 1992	✓

Also see CSLP Ready References:

TITLE	LOCATION IN CSLP TRAINING MANUAL
Request for Payment of Claim	SECTION II: THE LENDER, Collections Procedures

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[*] The *Tabular Table of Contents* establishes a recommended order for the *CSLP Ready References* inserted behind this tab heading. New and revised *CSLP Ready References* are designated with a (✓) in the NEW column. Revisions are designated by date. *CSLP Ready References* with older dates are obsolete but may be retained for historical reference.

RECORD KEEPING REQUIREMENTS

CSLP Ready Reference

Lenders are required to maintain student loan records for five years from the date the loan is paid in full or from the date the loan has been determined to be uncollectable. The term "paid in full" includes loans paid by the agency because of the borrower's death, permanent and total disability, or discharge of the loan in bankruptcy. All records, except for the promissory note, may be stored on microfilm or computer format.

The lender must maintain legible copies of the following records for compliance purposes:

- ☐ original note and disclosure(s) including any addenda
- ☐ a legible copy of the loan application
- ☐ evidence of disbursement (such as a copy of the check)
- ☐ notification of loan approval and guarantee
- ☐ any repayment addenda sent to the borrower
- ☐ documentation of forbearance(s) if applicable
- ☐ documentation of a deferment(s) if applicable
- ☐ payment history (including any refunds or principal reductions) showing the date and amount of each payment received from or on behalf of the borrower and the amounts attributable to principal and interest
- ☐ collection history showing the date and subject of each communication with the borrower or co-signer for collection purposes and a copy of all written communication
- ☐ any assignment of a note by the originating lender to the current holder
- ☐ notices of changes in a borrower's address
- ☐ enrollment verification and notification of the borrower's change in enrollment status (such as notification from the school that the borrower has ceased at least half-time attendance)
- ☐ each communication, other than regular reports by the lender showing that an account is current, between the lender and a credit bureau regarding the loan
- ☐ evidence of a request for pre-claims assistance sent to the guaranty agency
- ☐ any additional records necessary to document the validity of a claim against the guarantee or the accuracy of any reports completed for CSLP or the U. S. Department of Education (such as the Lender's Interest and Special Allowance Request and Report, ED Form 799)

Want to Know More? See:

Title 34 of the Code of Federal Regulations, §682.414

SECTION III: THE SCHOOL

Tabular Table of Contents[*]

Tab Summary:

General administrative criteria, requirements, and recommendations are examined under this tab heading.

CSLP Ready References:

ORDER	TITLE	NUMBER	DATE	NEW ✓
1.	Guide to Writing Policies	RR030	February 28, 1992	✓
2.	Guide to Writing Procedures	RR031	February 28, 1992	✓
3.	Model Policy and Procedure Forms	RR032	February 28, 1992	✓
4.	Satisfactory Progress	RR029	February 28, 1992	✓
5.	Academic Year	RR022	February 28, 1992	✓
6.	Consumer Information	RR028	February 28, 1992	✓
7.	Graduation Rates	RR066	February 28, 1992	✓
8.	Graduation Rates of Athletes	RR067	February 28, 1992	✓
9.	Crime Statistics	RR068	February 28, 1992	✓
10.	Cohort Default Rates	RR071	February 28, 1992	✓
11.	Default-Reduction Measures	RR033	February 28, 1992	✓
12.	Appendix D	RR070	February 28, 1992	✓
13.	Preclaims Assistance Requests	RR037	February 28, 1992	✓
14.	Suggested Manuals	RR021	February 28, 1992	✓

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[*] The *Tabular Table of Contents* establishes a recommended order for the *CSLP Ready References* inserted behind this tab heading. New and revised *CSLP Ready References* are designated with a (✓) in the NEW column. Revisions are identified by date. *CSLP Ready References* with older dates are obsolete but may be retained for historical reference.

GUIDE TO WRITING POLICIES

CSLP Ready Reference

Policies and
Procedures

POLICIES represent an official statement or position regarding a topic.

SUGGESTED QUESTIONS TO ASK WHEN ESTABLISHING POLICES:

○ Do we need this policy? Why?
○ Is it fair and equitable? What types of students are affected by this policy and how? Will the policy have the effect of unfairly discriminating against certain types of students?
○ What public purpose is served by this policy? Is this a proper use of public funds? Can I explain this policy to my next door neighbor?
○ Is this policy consistent with governing laws, regulations, and need analysis systems? Is it consistent with generally-accepted standards of aid administration--if not, can I justify its departure?
○ Is it consistent with our general office philosophy and standards?
○ Does the policy statement accomplish the desired purpose? Is it clear? Is it specific? Does it rely on objective, measurable criteria? Is it avoidably complicated? Have I assigned the responsibility for its implementation?
○ Is the policy too strict? Is it too lenient?
○ Is the policy rational? What evidence supports this policy?
○ Can I foresee very many exceptions to this policy? In what types of circumstances? Will there be so many exceptions that the policy should be revised now?
○ Is it administratively possible to implement the policy?
○ How should students be notified of this policy?
○ Who should be involved with the establishment of this policy (financial aid committee, supervisor, president, finance office, etc.)? Who should be informed of this policy after it is approved? How?

SUGGESTED QUESTIONS TO ASK WHEN CONSIDERING EXCEPTIONS:

○ What policies are involved in this case? Which ones would be contradicted by the exception being approved? Do those policies pass the suggested questions stated above or should they be revised? If revised, when is the effective date?
○ What public purpose is served if the exception is made? Is this a proper use of public funds? Can I explain it to my next door neighbor?
○ What are the main philosophical principles in favor of an exception in this case? If an exception is made, am I willing to apply these same principles in considering future exceptions? Should the policies be revised to follow these principles?
○ How should students be notified that they can appeal for exceptions of this type?
○ Who should be involved in considering this exception: Who should be informed that an exception of this type has been made?

Policy statements appropriately use descriptive phrases and words such as *shall*, *will*, and *defines*.

TOPICS FOR POLICIES AND PROCEDURES

Policy and Procedure	*Regulation*
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Introduction	
▲ Ability-to-Benefit Students	
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◆ Appeals Processes	668.14(e)
Audits	
Authorization/Allocation of Funds	
Award Letters	
Award Years	690.64
▲ Certifying GSLP Loans--with FAT's, Ind. Documentation, Verification? Disbursement Schedules? If Not/Reduced?	682.603 668.19(a)(3),(4) 668.58(a)(2)
▲ College Work-Study--Inst. Share/Other Options	675 675.18-32
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Conflicting Data Resolution	668.14(f); 668.54(a)
Consumer Information	668.45
◆ Cost of Attendance/Student Budgets	668.44(a)(1)
Credit Balances/Living Expenses	682.604(d)
▼ Default Reduction Measures	668.15; 668 Appendix D
Deferments	
▲ Definition of an Academic Year	668.2
▲ Definition of Full, 3/4,1/2-time	682.200; 674.2; 675.2 676.2; 690.2
Definition of Grade Level	
▲ Delivery of GSLP Loan Proceeds--When/How?	682.604(c),(d)
▲ Dependency Overrides	
◆ Disbursement Method/Frequency	668.43(c)(3)
▲ Eligible Noncitizen Documentation/Confirmation	
Enrollment Verification Forms	
Entrance Interviews/Counseling	682.604(f)
Exit Interviews/Counseling	682.604(g)
▲ Family Contribution Adjustments	
Federal Cash Transactions Report	
Financial Aid Accounts	
◆ Financial Aid Application Process	668.43(b)(1)
Financial Aid Ledgers & Journals	
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▲ Financial Aid Transcripts--for Disbursement & Certification	668.19
FISAP	
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◆ Fraud and Criminal Activity	668.14(g); 668.53(a)
◆ GSL Programs--Procedures and Records to Protect Borrower Rights, U.S. from Harm, and Comply with Regulations	682.610(a)(1)
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◆ Overpayments/Repayments	668.22(b),(e) 668.44(a)(3)
◆ Packaging Philosophy/Eligibility Criteria and Requirements to Continue Receiving Aid	674.10; 675.10 676.10; 668.43(b)(2) 668.43(c)(1),(2)
▲ Pell Grants--Payment Periods & Award Recalculations	690.3(b); 690.64(a) 690.80(b),(c)
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▲ Professional Judgment	
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◆ Refund Policy	682.606; 668.21 668.22(a)(2) 668.44(a)(2)
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▲ Statement of Registration Status	668.33
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Supplemental Loans for Students	682
Transfer Students	
◆ Verification	668.51-61
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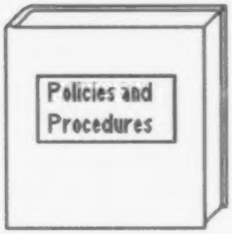
◆ Specifically required by regulation or due to consumer information regulations

▲ Required due to available options when applicable

▼ Required of schools with high cohort default rates

GUIDE TO WRITING PROCEDURES

CSLP Ready Reference



PROCEDURES tell how to do something or what to do step by step. Procedures are formal, written instructions that outline, control, and hopefully simplify the operations of a particular job sequence.

A GOOD PROCEDURE:

- standardizes practices,
- serves as a training tool,
- establishes authority and responsibility,
- establishes control points on work follow,
- assists in job development and cross-training,
- provides a standard for improving the procedure, and
- communicates in the present tense, plain English, and avoids:
  - *Shop Talk:* the staff jargon that is not always understood by others, and
  - *Imperial Words: shall* and *will* (*Shall* and *will* are appropriate for policy statements).

A GOOD PROCEDURES MANUAL:

- encourages delegation of authority--states parameters of authority;
- promotes continuity when there is a problem, i.e., change in management or staff; and
- promotes understanding within the organization.

COMPONENTS OF GOOD PROCEDURES:

- specify what work is to be performed by the various participants,
- specify who those participants are (usually by position title), and
- specify when the various steps in the process are to be performed (order & timing).

TO GET STARTED WRITING PROCEDURES:

- identify the procedures that are currently the responsibility of each section and individual, and
- obtain information through interviewing, observation, and secondary research regarding:
  - objectives and requirements to be met by each section/individual,
  - organization and personnel,
  - policies,
  - details of existing procedures,
  - cost factors, and
  - external conditions.

TO WRITE PROCEDURES, USE:

- *action words* to start each narrative, and
- *short sentences* that move action forward.
- Avoid including:
  - opinions,
  - philosophy,
  - general discussions,
  - reasons why, and
  - definitions of words (if words need to be defined, it is better to choose different words).

GENERAL GUIDELINES ARE:

- How long should a procedure sequence be?
  A procedure should be long enough to start at the beginning of the person's contact with each item, cover each essential step taken, and stop at the last step.
- What is the time sequence?
  The steps in a procedure should follow in a logical time sequence. Don't skip things. Exceptions to the procedure should be noted briefly.
- What should a procedure explain?
  A procedure should explain who's responsible for each step or action (at least by title), how each task is started, what steps are followed to complete the sequence, and where each file, form, interviewee, etc. goes next (i.e., back to the file, to the director, out the door)

LIST OF ACTION WORDS FOR PROCEDURES

Works: attaches, changes, conducts, destroys, enters, files, handles, hires, inserts, lists, locates, makes, marks, moves, operates, performs, places, prepares, prints, processes, produces, records, retains, reworks, runs, separates, sorts, stamps, tabulates, totals, transcribes, uses, works, writes

Pushes Along: develops, encourages, furthers, maintains, pushes

Render Decisions: decides, determines, reviews, weighs

Creates: creates, designs, devises, develops, formulates, initiates, installs, originates, plans, schedules

Asks Others: asks, claims, requests

Controls: charges, checks, conserves, controls, corrects, counts, edits, enforces, follows up, inspects, logs, measures, proves, rejects, reports, restricts, reviews, terminates, verifies

Explains: describes, explains, indicates, shows, states

Gives: delivers, distributes, forwards, gives, issues, mails, makes available, pays, provides, releases, routes, sells, sends, ships, submits, supplies, transfers

Studies or Appraises: analyzes, checks, compares, evaluates, forecasts, identifies, inspects, interviews, investigates, measures, plans, reads, studies, surveys, weighs

Ties Together: confers, contracts, coordinates, reconciles, represents

Stops: checks, deletes, prevents, returns, stops

Gets: accepts, accumulates, buys, compiles, gathers, gets, keeps, obtains, picks up, procures, pulls, purchases, recalls, receives, secures, takes, withdraws

Takes Executive Action: approves, authorizes, directs, establishes, executes, orders, rejects, requires, signs, supervises

Tells Others: advises, assigns, informs, notifies, orders, prescribes, recommends, submits, tells

Helps: aids, assists, helps, participates, protects, serves

MODEL POLICY AND PROCEDURE FORMS

CSLP Ready Reference

	Effective Date	Revised	Number
POLICY	Section		
	Subject		
Summary			

Authorizing Signature Date

Page _____ of _____

	Effective Date	Revised	Number
PROCEDURE	Section		
	Subject		

Summary

Position

Action

Reviewed
By Staff
_____
_____
_____
_____
_____

Authorizing Signature

Date

Page _____ of _____

SATISFACTORY PROGRESS

CSLP Ready Reference

REGULATIONS:

POLICY FOR SATISFACTORY PROGRESS

§668.14 STANDARDS OF ADMINISTRATIVE CAPABILITY [Satisfactory Progress and Appeals Process. (e) Each School must establish, publish, and apply] reasonable standards for measuring whether a student, who is otherwise eligible for aid under any Title IV, HEA program, is maintaining satisfactory progress in his or her course of study. The Secretary considers an institution's standards to be reasonable if the standards-

CONFORM TO ACCREDITING AGENCY

(1) Conform with the standards of satisfactory progress of the nationally recognized accrediting agency that accredits the institution, if the institution is accredited by such an agency, and if the agency has those standards;

SAME OR STRICTER FOR AID RECIPIENTS

(2) For a student enrolled in an eligible program who is to receive assistance under a Title IV, HEA program, are the same as or stricter than the institution's standards for a student enrolled in the same academic program who is not receiving assistance under a Title IV, HEA program; and

(3) Include the following elements:

GRADES

(i) Grades, work projects completed, or comparable factors that are measurable against a norm.

QUALITATIVE MEASURE

MAXIMUM TIME FRAME (Usually 150% of Normal Time Frame)

(ii) A maximum time frame in which the student must complete his or her educational objective, degree, or certificate. The time frame must be-

QUANTITATIVE MEASURE

- (A) Determined by the institution;
- (B) Based on the student's enrollment status; and
- (C) Divided into increments, not to exceed one academic year.

INCREMENTS (Usually a Semester, Quarter, Payment Period, or Academic Year)

(iii) A schedule established by the institution designating the minimum percentage or amount of work that a student must successfully complete at the end of each increment in order to complete the education objective, degree, or certificate within the maximum time frame.

(iv) A determination at the end of each increment by the institution whether the student has successfully completed the appropriate percentage or amount of work according to the established schedule.

CONSISTENT APPLICATION

(v) Consistent application of standards to all students within categories of students, e.g., full-time, part-time, undergraduate, and graduate students, and programs established by the institution.

COURSE INCOMPLETES, WITHDRAWALS, ETC.

(vi) Specific policies defining the effect of course incompletes, withdrawals, repetitions, and noncredit remedial courses on satisfactory progress.

APPEALS PROCEDURES

(vii) Specific procedures under which a student may appeal a determination that the student is not making satisfactory progress.

REINSTATEMENT

(viii) Specific procedures for reinstatement of aid; and

(4) Meet or exceed the requirements of Sec. 668.7(c)

§668.7 ELIGIBLE STUDENT [(c) Satisfactory progress. In order for a student to be eligible to receive assistance], an institution shall-

REVIEW EACH ACADEMIC YEAR

(1) Review the student's academic progress at the end of each academic year;

(2) Determine that the student is making satisfactory academic progress at the end of that student's second academic year of attendance at the institution on the basis of a finding that-

"C" BY END OF SECOND ACADEMIC YEAR

(i) The student has at least a cumulative grade point average of C or its equivalent, or academic standing consistent with its graduation requirements; or

MITIGATING CIRCUMSTANCES

(ii) The student's failure to have at least a cumulative grade point average of C or its equivalent, or academic standing consistent with its graduation requirements, was caused by-
(A) The death of a relative of the student;
(B) An injury or illness of the student; or
(C) Other special circumstances; and

RE-ESTABLISHING SATISFACTORY PROGRESS

(3) Determine, in the case of a student who was not making satisfactory academic progress in accordance with paragraph (c)(2) of this section at the end of that student's second academic year of attendance at the institution, that the student is making satisfactory academic progress if that student subsequently obtains academic standing consistent with the institution's requirements for graduation at the end of a grading period.

NOTES:

ATTEMPTED HOURS VS. COMPLETED HOURS. To quantify academic progress, a school must set a maximum time frame in which a student is expected to finish the program. As an example, a school might set a maximum time frame of five academic years for a student to complete a four-year program. To ensure that a student is making quantitative progress throughout the course of study, the school must assess the student's quantitative progress at least once an academic year. (The regulations use the term "increments" to describe the measurement of progress at different stages of the student's academic program.) This incremental assessment of progress compares the number of hours the student attempted to the number of hours the student successfully completed, to see if the student is progressing at a rate that will allow him or her to finish the program within the maximum time frame.

SUMMER SCHOOL. The school's policy should also specify how hours taken in summer school will affect the quantitative measure of progress.

GRADUATED STANDARD. Schools may use a graduated completion percentage for each year. For instance, a school might use a more lenient completion standard in the student's first academic year, but gradually increase the completion standard during the course of study to ensure that the student will complete the program requirements within the maximum time frame.

CUMULATIVE STANDARD. The standard must be cumulative and it must include any periods of enrollment in which the student did not receive aid.

CLOCK-HOURS PROGRAMS. Because students are only paid for "hours earned" in clock hour programs, the concept of "hours attempted" is not used as a measure of satisfactory progress. Instead, the maximum time frame for a clock-hour program should be based on calendar time (in weeks or months). For instance, if a school offers a 900 clock-hour program that normally takes 8 months to complete, it could set a maximum time frame of 10 months for completion. Thus, a student would have to complete the first 450 hours of the program within five months to be making satisfactory progress.

Want to Know More? See:

The Federal Student Financial Aid Handbook and *Title 34 of the Code of Federal Regulations* §668.14(e) and §668.7(c).

ACADEMIC YEAR

CSLP Ready Reference

ACADEMIC YEAR DEFINITIONS

REGULATION:
§668.2 GENERAL DEFINITIONS
Academic year:

TERM SCHOOLS

(a) A period of time in which a full-time student is expected to complete the equivalent of at least two semesters, two trimesters or three quarters at an institution which measures academic progress in credit hours and uses a semester, trimester or quarter system;

Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May

◀ ACADEMIC YEAR MINIMUM DEFINITIONS ▶

Fall Semester + Spring Semester

Fall Trimester + Spring Trimester

Fall Quarter + Winter Quarter + Spring Quarter

CREDIT-HOUR, NON-TERM SCHOOLS

(b) A period of time in which a full-time student is expected to complete at least 24 semester hours or 36 quarter hours at an institution which measures academic progress in credit hours but does not use a semester, trimester or quarter system; or

24 Semester Hours

36 Quarter Hours

CLOCK-HOUR SCHOOLS

(c) At least 900 clock hours at an institution which measures academic progress in clock hours.

900 Clock Hours

NOTES:

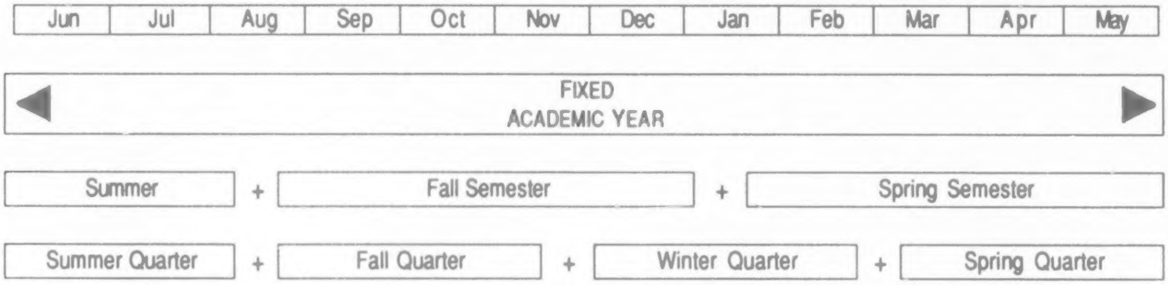
CONSISTENT APPLICATION FOR TITLE IV PROGRAMS. The academic year must be the same for all Title IV financial assistance programs for a given program of study. For example, if a credit-hour, non-term school defines its academic year for the Pell Grant program to be 36 quarter credit hours, then the school must also use 36 quarter credit hours for the Guaranteed Student Loan (GSL) Programs; the school may *not* use 36 hours as the academic year to calculate a Pell Grant award and different hours (i.e., 50 hours) for the GSL Programs.

NOT DEFINED IN MONTHS. Though academic years are frequently mentioned in terms of months, the actual definition is restricted to the criteria identified above. Accordingly, a school may not define its academic year in monthly terms.

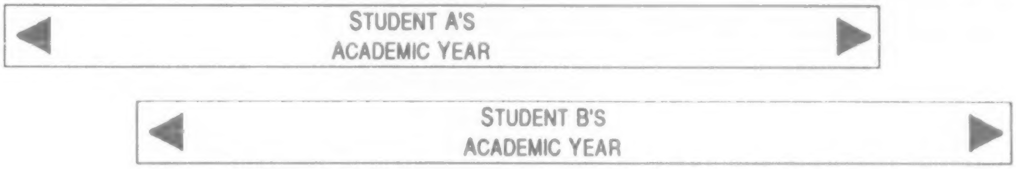
ACADEMIC YEAR DATES. CSLP's Stafford Loan, SLS, and Plus Loan applications request the beginning and ending dates of a student's academic year. In an application, the financial aid administrator is prompted to enter the months and year(s) that the academic year begins and ends according to the school's policy. These dates are used to determine the student's and/or parent borrower's annual loan limits.

MINIMUM SEVEN-MONTH EDIT. CSLP's computer system checks the duration of the academic year as reported by the school and will reject any loan application with an academic year that is less than seven (7) months in duration. If a school has an academic year that is actually less than seven months long, the school must still enter a seven-month long academic year on the loan application and document its policies and procedures and/or each file that the academic year is actually shorter (i.e., six months in duration for a 36 quarter-hour academic year definition). CSLP's system will not approve any amounts in excess of the annual loan limits until the academic year (at least seven months) has lapsed even if the actual academic year is shorter.

FIXED ACADEMIC YEAR. An academic year may be the same for every student or *fixed* for a specific year. Most traditional schools use *fixed* academic years that always begin or end with the summer term. A traditional school that uses semesters, for instance, may begin its academic year with the fall semester, include the spring semester (thus meeting the *minimum* definition), and conclude its academic year with the summer term; accordingly, the school's academic year may always run from August to August regardless of whether a student initially enrolls for the fall, spring, or summer term (or June to May if summer is the beginning of the academic year).



FLOATING ACADEMIC YEAR. In contrast, many schools use a *floating* academic year. Such academic years begin with the student's initial enrollment or start date unless specific circumstances warrant a different begin date for the academic year. Accordingly, the school may have multiple and concurrent academic years in progress depending on the students' various start dates.



DEFINING BY PROGRAM OF STUDY. Schools are permitted to define the academic year by program of study. For example, a clock-hour school with one program of study of 1004 clock hours may elect to define the academic year for that program as 1004 clock hours and thus avoid, for instance, the required prorations that may be necessary in determining the *Cost of Attendance* for a different academic-year definition. At the same time, the school may elect to define the academic year for a separate program of study using the 900 clock-hour minimum definition.

Want to Know More? See:
Title 34 of the Code of Federal Regulations, §668.2.

CONSUMER INFORMATION

CSLP Ready Reference

Each award year, a school must prepare or update consumer information regarding financial assistance programs and the school. This information must be made available through appropriate publications and mailings, and answer such student questions as those asked in these letters:

Dear Financial Aid Director:

I am planning on going to your school, but before I make my decision, I need to know:

1. What financial aid programs are available at this school? ...what federal programs? ...what state programs? ...what institutional programs (at least described generally)?
2. How do I apply for financial aid at this school? What forms do I use? What are the deadlines for applying?
3. What are the eligibility criteria for awarding financial aid? What student budgets are being used? How are aid recipients selected? How is aid packaged at this school? What are the possible amounts of financial aid award?
4. What are my rights and responsibilities?
5. What are the satisfactory progress criteria? How do I continue my eligibility? How do I re-establish my eligibility if I don't meet the criteria? How do I appeal decisions affecting my aid?
6. How and when will disbursements be made on my account? How do I pick up funds for living expenses?
7. What would be the terms of any loan that is part of my financial aid package? What would a sample repayment schedule be? Do I have to pay back a loan?
8. What would be the terms and conditions of any employment that I may receive as aid?
9. What documentation do I need if I am selected for verification? What are my responsibilities including deadlines, and what happens if I fail to complete any required action for verification? (I know that you only need to give this information to me if I'm selected for verification.)
10. What other things do I need to know?

Sincerely,
Your next student

Dear Admissions Director:

I am planning to go to your school and need to know some specific things about your school:

1. What is the cost of attending your school? What tuition and fees are charged for full-time and part-time students? What are the estimated costs for books and supplies, room and board, and transportation? ...what about other costs?
2. What is the school's refund policy? How do I obtain a refund, and what are examples of its application? How does the school distribute refunds to financial aid programs?
3. What current degree programs and other educational and training programs does the school offer?
4. What instructional, laboratory, and other physical facilities related to academic program are available? What special facilities and services are available to the handicapped?
5. Who are the institution faculty and other instructional personnel?
6. What are the titles of individuals who can provide me with information on the school?
7. What are the associations, agencies, or governmental bodies that accredit, approve, or license the school and its programs? How can I obtain a copy of accreditation, approval, or licensing documents?
8. What are all the licensure or certification requirements established by the state for a particular vocational, trade, or career field?
9. What other employment statistics, if any, are used by your school? If your school has information on starting salaries of your graduates and availability of local jobs, what statistics are you using to substantiate the figures?
10. If you admit Ability-to-Benefit students, how do they find out how to get a G.E.D. and where G.E.D. programs are offered?
11. What other things do I need to know?

Thank-you,
Your next student

Need Materials?

CSLP has brochures, booklets, videos, posters, and other materials to assist with consumer information--simply complete a "Request for CSLP Supplies" or call (303) 294-5050 ext. 363.

Want to Know More? See:

Title 34 of the Code of Federal Regulations, Part 668 "Subpart D-Student Consumer Information Services": §668.41-45; §668.53(b); §682.606(a)(2); "Dear Colleague" letter, GEN-89-58, December 1989; and *Student's Right to Know and Campus Security Act of 1990.*

GRADUATION RATES

CSLP Ready Reference

The *Student Right-to-Know and Campus Security Act* requires all schools to provide statistics on graduation. The U.S. Department of Education strongly recommends the following guidelines.

COMPLETION OR GRADUATION RATES. Schools must produce and make readily available to current students, and to each prospective student enrolling or entering into any financial obligation, the completion or graduation rate of certificate or degree-seeking, full-time undergraduate students entering that institution. The rates are to be disclosed annually covering a one-year period ending each June 30 of the preceding year. The first rate is due July 1, 1993.

COHORT. The rates are based upon the group of students (cohort) who enter within the following time periods and complete within 150% of the normal program length:

- TRADITIONAL ENROLLMENT: Count fall enrollments plus any student who enrolled after July 1 and continued into the fall enrollment.
- CONTINUOUS ENROLLMENT (NON-TRADITIONAL): Count students who entered from July through September.
- EXCLUDE: Students who are not certificate or degree-seeking, not full-time undergraduates; who enter at other times of the year; or who leave school to serve (1) in the Armed Services, (2) on official church missions, or (3) with a recognized foreign aid service of the federal government.

CERTIFICATE OR DEGREE-SEEKING STUDENT is a regular student who is enrolled or accepted for enrollment at a school for the purpose of obtaining a degree, certificate, or other recognized educational credential offered by that school.

FULL-TIME STUDENT is an enrolled student who is carrying a full-time academic work load as determined by the institution (other than by correspondence and under a standard applicable to all students enrolled in a particular program) but not less than:

- TERM SCHOOLS: 12 semester or 12 quarter hours per term.
- CREDIT-HOUR, NON-TERM SCHOOLS: 24 semester or 36 quarter hours per academic year.
- CLOCK-HOUR SCHOOLS: 24 clock hours per week.
- USING BOTH CREDIT AND CLOCK-HOURS: Any combination of credit and clock hours where the sum of the number of credit hours per term divided by 12 plus the number of clock hours per week divided by 24 is equal to or greater than one.
- SERIES OF COURSES: A series of courses or seminars which equals 12 semester hours or 12 quarter hours in a maximum of 18 weeks.
- COOPERATIVE EDUCATION: The work portion of a cooperative education program in which the amount of work performed is equivalent to the academic work-load of a full-time student.

UNDERGRADUATE STUDENT is a student enrolled in an undergraduate course of study at a school of higher education who--(1) has not earned a baccalaureate or first professional degree; and (2) is in an undergraduate course of study which usually does not exceed 4 academic years, or is enrolled in a 4 to 5 academic year program designed to lead to a first degree. A student enrolled in a program of any other length is considered an undergraduate student for only the first 4 academic years of that program.

"ENTERING THE INSTITUTION" means a student who is enrolled or accepted for enrollment for the first-time at any school of higher education. The student may not enter with earned credits, except those earned while enrolled in high school through advanced placement in postsecondary education, or earned in that school in the summer preceding the Fall enrollment.

"ENTERING INTO ANY FINANCIAL OBLIGATION" means the student's entering into any financial obligation at the school related to the student's program of study, i.e., the obligation to pay tuition and fees, the execution of an enrollment contract, or the execution of a Title IV or institutional loan.

EDUCATIONAL PROGRAM is a legally authorized postsecondary program of organized instruction or study which leads to an academic or professional degree, vocational certificate, or other recognized education credential. However, the Secretary does not consider that a school provides an educational program if the school does not provide instruction itself (including a course of independent study) but merely gives credit for one or more of the following: instruction provided by other institutions or schools, examination provided by agencies or organizations, or other accomplishments such as "life experience."

150 PERCENT OF NORMAL TIME. A student is counted as having completed (1) if the student completed within 150% of the normal time for completion or graduation from the program--the student received a degree, certificate, or other recognized educational credential, or (2) if within 150% of this normal time, the student enrolled in any program at an eligible school for which the prior program provided substantial preparation. For example, 150% of normal time for a 4-year program is 6 years; for 2 years: 3 years; 9 months: 14 months; 12 months: 18 months, etc.

CHANGING PROGRAMS. If a student entered the school under program A, but later transferred into program B at the same school (not transferring to a higher level program), the student should be followed from entry into the cohort under program A to graduation under program B. The student would be considered to have completed since he or she received a degree or certificate, even though the education credential was granted from a program different from the original program; in other words, once in a cohort, the change of programs does not alter the student's presence in the cohort. Similarly, if a student completes one program and later completes another program at the same school, the student is counted as having completed the first time only. For example, if a student receives an associate degree and two years later receives a baccalaureate degree at the same school, the student would only be included in the completion or graduation rate for receipt of the associate degree.

PERSISTENCE RATE. Because schools may not have cohorts for whom 150% of the normal time for completion has not lapsed by the first disclosure on July 1, 1993, schools will be permitted to publish a persistence rate instead of a graduation rate. The persistence rate is the percentage of students in the cohort who re-enrolled each successive year until completion. In order to be counted in the persistence rate, a member of the cohort must re-enroll for the period for which the following cohort will be established. For each year thereafter, the school should follow the 1991 cohort and be able to provide a persistence rate until such time that the school is able to provide the actual graduation rate. The 1992 and successive cohorts would be tracked likewise.

PERSISTENCE RATE DUE (or GRADUATION RATE-- See Next Table)	COHORT TIME PERIOD COVERED
7/1/93	7/1/91 - 6/30/92
7/1/94	7/1/92 - 6/30/93
7/1/95 etc.	7/1/93 - 6/30/94
NOTE: Include prior cohort time period(s) if the previous disclosure was a *Persistence Rate.*	

PROGRAM LENGTH*	GRADUATION RATE DUE FOR 7/1/91 - 6/30/92 COHORT
6 Months	7/1/93
9 Months - 1 Year	7/1/94
2 Years	7/1/95
4 Years	7/1/98
5 Years	7/1/2000

* A school whose programs vary in length must provide the completion or graduation rate at the time that 150% of the normal time for completion has lapsed for the program of greatest length.

Want to Know More? See:

The Student Right-to Know and Campus Security Act (Public Laws 101-542 and 102-26) and "Dear Colleague" letters: GEN-91-14, March, 1991, and GEN-91-27, August 1991.

GRADUATION RATES OF ATHLETES

CSLP Ready Reference

The *Student Right-to-Know and Campus Security Act* requires schools that award athletically-related student aid to provide completion and graduation rates of undergraduate athletes to a potential student athlete, his or her parents, guidance counselor, and coach and to report certain information to the U.S. Department of Education. The disclosures must be provided annually beginning July 1, 1993, and report the graduation rates as of June 30 of the preceding year. The U.S. Department of Education strongly recommends the following guidelines.

COMPLETION AND GRADUATION RATES. The requirements for calculating completion or graduation rates to be provided to student athletes are the same as for those rates indicated for all students including the exclusions of students who leave school to serve (1) in the Armed Services, (2) on official church missions, or (3) with a recognized foreign aid service of the federal government.

WAIVER. If granted a waiver by the Secretary of the U.S. Department of Education, schools which are members of an athletic association or athletic conference that has voluntarily published completion or graduation rate data or has agreed to publish data that, in the opinion of the Secretary, is substantially comparable to the required information, may use the association or conference's completion or graduation-rate data to meet the requirements the Act for the first year of implementation.

POTENTIAL STUDENT ATHLETE is an individual who contacted the institution for the purpose of requesting information concerning participation in the institution's athletic programs and/or financial assistance available on the basis of participation in these programs, or whom the institution contacted for recruitment to the institution's athletic programs.

ATHLETICALLY-RELATED STUDENT AID means any scholarship, grant, or other form of financial assistance, the terms of which require the recipient to participate in a program of intercollegiate athletics at an institution of higher education in order to be eligible to receive assistance.

PERSISTENCE RATE. An institution may use the persistence-rate method indicated for the completion or graduation rates of certificate or degree-seeking, full-time undergraduate students entering the institution. This rate may be used to meet the requirement of the statute to provide an average completion or graduation rate for the four most recent completing or graduating classes of students who received athletically-related student aid. This persistence rate must be an average rate (except for the first year) and broken down by race and sex in the following sports: basketball, football, baseball, cross country/track, all other sports combined. This persistence rate may only be provided until the completion or graduation rate required by the Act can be provided.

REPORTS. Schools that provide athletically-related student aid are required to report the following information annually to the U.S. Department of Education, beginning July 1, 1993:

UNDERGRADUATE POPULATION	ATHLETES
Designated by Race and Sex	Designated by Race and Sex and According to the Following Sports: Basketball, Football, Baseball, Cross Country/Track, and All Other Sports Combined
● The number of students at the school. ● The completion or graduation rates for students at the school. ● The average completion or graduation rates for the 4 most recent completing or graduating classes of student at the school.	● The number of students at the school who received athletically-related student aid ● The completion or graduation rates for students at the school who received athletically-related aid ● The average completion or graduation rates for the 4 most recent completing or graduation classes of students at the institution of higher education who received athletically-related student aid

Want to Know More? See:

The Student Right-to Know and Campus Security Act (Public Laws 101-542 and 102-26); "Dear Colleague" letters: GEN-91-14, March, 1991, and GEN-91-27, August 1991; and *The Federal Student Financial Aid Handbook.*

CRIME STATISTICS

CSLP Ready Reference

The *Student Right-to-Know and Campus Security Act* contains the *Crime Awareness and Campus Security Act of 1990*. This act requires an institution to begin to collect statistical information commencing August 1, 1991. Schools are also required to prepare, publish, and distribute this information to all current students and employees, and to any applicant for enrollment or employment, upon request, beginning September 1, 1992, and each year thereafter. Schools must provide information on:

How to Report Crimes and Emergencies: Statement of current campus policies regarding procedures and facilities for students and others to report criminal actions or other emergencies occurring on campus and policies concerning the institution's response to such reports.

Security and Access: Statement of current policies concerning security and access to campus facilities, including campus residences, and security considerations used in the maintenance of campus facilities.

Campus Law Enforcement: Statement of current policies concerning campus law enforcement, including:

- The enforcement authority of security personnel, including their working relationship with state and local police agencies; and
- Policies which encourage accurate and prompt reporting of all crimes to the campus police and the appropriate police agencies.

Security Procedures: Description of the type and frequency of programs designed to informs students and employees about campus security procedures and practices and to encourage students and employees to be responsible for their own security and the security of others.

Prevention: Description of programs designed to inform students and employees about the prevention of crimes.

Statistics on Criminal Offenses: Statistics concerning the occurrence on campus, during the most recent calendar year, and during the two preceding calendar years for which data is available, of the following criminal offenses reported to campus security authorities or local police agencies:

- murder,
- rape,
- robbery,
- aggravated assault,
- burglary, and
- motor vehicle theft.

> Disclosure for these statistics is for the period August 1 to July 31 for each of three years. The September 1, 1992, disclosure should be statistics for August 1, 1991, through July 31, 1992, plus any two preceding years for which data is available. For the first year only, the preceding years may be for any time period (i.e., January through December, July through June).

Off-Campus Student Organizations: Statement of policy concerning the monitoring and recording through local police agencies of criminal activity at off-campus student organizations whose participants are students of the institution. The off-campus student organizations are those recognized by the institution, including student organizations with off-campus housing facilities.

Statistics on Arrests: Statistics concerning the number of arrests for the following crimes occurring on campus:

- liquor law violation,
- drug abuse violation, and
- weapons possessions.

> Disclosure for these statistics is for the period August 1 to July 31 for one year only. The September 1, 1992, disclosure requires data from August 1, 1991, to July 31, 1992.

ALCOHOL AND ILLEGAL DRUG POSSESSION, USE, AND SALE: Statement of policy regarding the possession, use, and sale of alcoholic beverages and enforcement of state underage drinking laws and a statement of policy regarding the possession, use, and sale of illegal drugs and enforcement of federal and state drug laws and a description of any drug or alcohol abuse education programs as required under §1213 of the Higher Education Act of 1965, as amended.

CAMPUS is defined as including:

- Any building or property owned or controlled by the institution of higher education within the same reasonably continuous geographic area and used by the institution in direct support of, or related to its education purposes; or
- Any building or property owned or controlled by student organizations recognized by the institution.

For example, if an institution rents space (i.e., the fourth floor of a building) to hold classes, and is responsible for the section of the parking lot for its student's use, the fourth floor of the building and the section of the parking lot provided to the institution's students should be considered part of the institution's campus because they are within the institution's control. If, for example, in an urban university setting, a student is murdered while walking from one building to another, and the street on which the crime took place is publicly owned, the institution does not own or control that street, and therefore, is not required to disclose the crime. For institutions that have a wholly-owned campus outside of the United States, the statute provides that it be treated as a separate campus.

"CAMPUS SECURITY AUTHORITIES" is understood by the U.S. Department of Education to include (schools should recognize that the term "campus security authorities" is broader than the term "campus police force"):

- any individual or entity specified in an institution's statement of campus security policy as the individual or entity to whom students and others should report criminal offenses, as well as
- administration officials having primary responsibility for student and campus activities, such as student counselors, deans and campus resident directors.

"TIMELY". A school must make timely reports to the campus community on the following crimes reported to campus security authorities or local police agencies that are considered to be a threat to other students and employees: murder, rape, robbery, aggravated assault, burglary and motor vehicle theft. The school must provide the reports in a manner that is timely and will aid in the prevention of similar crimes. The Secretary recommends that the institution meet with the institution's security personnel, and local and state law enforcement authorities to discuss what is reasonable in terms of the timely reporting of these crimes.

REFERENCE TO MATERIALS FOR DRUG-FREE SCHOOLS AND CAMPUSES. Schools which currently describe their policies regarding drug and alcohol use in the materials they distribute annually to comply with regulations governing Drug-Free Schools and Campuses (34 CFR Part 86) do not have to repeat the information for §204 of the Act, but a reference must be made to the materials containing those policies.

FOREIGN INSTITUTIONS are exempt from compliance with these requirements.

Want to Know More? See:

The Student Right-to Know and Campus Security Act (Public Laws 101-542 and 102-26); "Dear Colleague" letters: GEN-91-14, March, 1991, and GEN-91-27, August 1991; and *The Federal Student Financial Aid Handbook.*

COHORT DEFAULT RATES

CSLP Ready Reference

One measure of the capability of a school to administer Title IV student financial assistance programs is the *Cohort Default Rate*. This rate is issued annually by the U.S. Department of Education and is based upon the number of students who default on Stafford Loans and Supplemental Loans for Students (SLS's) obtained to go to a particular school. A school which has a *Cohort Default Rate* that exceeds 20% is considered to have an impaired capability to administer Title IV programs.

COHORT DEFAULT RATE means, for any fiscal year in which 30 or more current and former students at the institution enter repayment on Stafford or SLS program loans received for attendance at the institution, the percentage of those current and former students who enter repayment on Stafford or SLS program loans received for attendance at the institution in that fiscal year who default before the end of the following fiscal year.

◀ Oct. 1 1989 — Number of Students Entering Repayment in First Fiscal Year — Sept. 30 1990 ▶ = 100

FY 90 Cohort Default Rate: 100 ÷ 12 = 8.3%

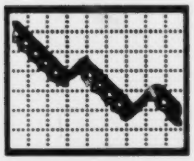
◀ Oct. 1 1989 — Number of Students Who Defaulted by End of Second Fiscal Year (Of Those Students Entering Repayment in the First Fiscal Year) — Sept. 30 1991 ▶ = 12

In determining the number of students who default before the end of that following fiscal year, the Secretary includes only loans for which the Secretary or a guarantee agency has paid claims for insurance, and, in calculating the *Cohort Default Rate*, excludes any loans which, due to the improper servicing or collection, would result in an inaccurate or incomplete calculation of the cohort default rate.

AVERAGE DEFAULT RATE. For any fiscal year in which less than 30 of the institution's current and former students enter repayment, the term *Cohort Default Rate* means the average of the rate calculated under the preceding paragraph for the three most recent fiscal years. In the case of a student who has attended and borrowed at more than one school, the student (and his or her subsequent repayment or default) is attributed to each school for attendance at which the student received a loan that entered repayment in the fiscal year.

A loan on which a payment is made by the school, its owner, agent, contractor, employee, or any other affiliated entity or individual, in order to avoid default by the borrower, is considered as in default for purposes of this definition. Any loan that has been rehabilitated under section 428F of the HEA before the end of that following fiscal year is not considered as in default for purposes of this definition.

REQUIREMENTS FOR SCHOOLS WITH HIGH COHORT DEFAULT RATES.



SCHOOLS WITH RATES OVER 20.0% are required to submit default management plans to the Secretary of the U.S. Department of Education and to their guarantee agency(ies). Schools may adopt the provisions of 34 CFR Part 668, Appendix D as their plan (schools with rates over 40.0% are expected to implement this appendix). Plans must be submitted within 60 days of the date of the letter which notifies the school of its default rate. If a school has previously submitted a plan, a new one is not necessary. To send new plans to CSLP, please use the following address: Manager of Compliance, Training, and Investigations; Colorado Student Loan Program; One Denver Place, South Terrace; 999 18th Street, Suite 425; Denver, CO 80202-2440.

Schools with Rates of 30.0% or greater must cease certifying SLS applications for new undergraduate borrowers. This restriction is effective immediately.*

Schools with Rates over 30.0% must delay the certification of Stafford Loan applications for the first time attendance of a borrower at the school to ensure that loan proceeds are not disbursed to the student or credited to the student's account until 30 days after the enrollment period began. See 34 CFR 682.603. Additionally, such schools must implement a pro rata refund policy for any student who received a Stafford Loan or SLS. A school must implement these provisions not later than 60 days after receipt of notification that the school's default rate exceeded 30.0%. See 34 CFR 682.606(c)(i).

Loss of Eligibility Due to Cohort Default Rates. School may lose eligibility if its *Cohort Default Rate* exceeds 35% for three fiscal years for FY's 87, 88, & 89, and FY's 88, 89, and 90; thereafter, a school may lose eligibility based upon a three-years threshold of 30%. The school may appeal this notice of ineligibility. If the Secretary of Education's designated department official receives written notice of the intent to appeal the loss of eligibility from the school within seven calendar days from the date on which the Secretary notifies the institution that its *Cohort Default Rate* exceeds the thresholds for maintaining eligibility, the institution may continue to participate in the programs until no later than the 30th calendar day following the date on which the Secretary notifies the school of its rates. If the appeal and required documentation are filed within 30 days with the Secretary, the school may continue to participate beyond the 30th day pending the Secretary's decision. The Secretary is to make a decision by the 45th day from the completed appeal. If the school wishes a guarantee agency to verify the information used to calculate the rates, the school must submit the request within 15 days of the notice of loss of eligibility. The request must include the borrower's name, social security number, and a detailed description of the nature of the suspected inaccuracy in the data.

Limitation, Suspension, or Termination Due to Rate. A school that has a *Cohort Default Rate* that exceeds a single-year threshold may be subject to limitation, suspension or termination from Title IV student aid programs based on that default rate. A school in this category will be notified of the U.S. Department of Education's intent to take action and will be given the opportunity for a hearing on the record before that decision is effective. The Department will review to see that the school can demonstrate that it has acted diligently to implement the default reduction measure described in Appendix D. See 34 CFR 668.90(a)(3)(iii). For FY 1989, the rate may not exceed 60.0%; for FY 1990, 55.0% for FY 1991, 50.0%; for FY 1992 45.0%; thereafter, 40.0%. In addition, for any year a school's rate exceeds 40.0%, the school may also be subject to limitation, suspension, or termination if it does not reduce its rate by 5.0% for the next year.

Delivering or Crediting Loan Proceeds after Loss of Eligibility. If the proceeds of the first disbursement of a Stafford Loan or SLS were delivered to the student or credited to the student's account prior to the school's loss of eligibility, the school may credit the student's account or deliver to the student any subsequent disbursement of that Stafford Loan or SLS to satisfy any unpaid commitment made to the student for the period of enrollment for which the loan was made. This provision applies to schools that lose eligibility and continue to provide instruction. It does not apply to schools that close.

Want to Know More? See:

Title 34 of the Code of Federal Regulations §668.19(h) and §668.25, "Information on the FY 1989 Cohort Default Rate" by the U.S. Department of Education, and *The Federal Student Financial Aid Handbook.*

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* This restriction does not apply to a student who has received an SLS previously for enrollment in the same program of study at the school (provided the student started that program on or before November 8, 1989, and the program's duration has not been lengthened on or after that date). Please note that such loans will be rejected by CSLP's computer edit system but may be appealed with sufficient documentation to complete processing.

DEFAULT-REDUCTION MEASURES

CSLP Ready Reference

All schools are encouraged by the U.S. Department of Education and CSLP to engage in default-reduction measures. Additionally, Congress has passed several laws designed to reduce the cost of defaulted loans for the Guaranteed Student Loan Programs. Schools with *Cohort Default Rates* that exceed 20% must engage in default-reduction activities. *Title 34 of the Code of Federal Regulations,* Part 668 Appendix D, contains the U.S. Department of Education's guidelines for reducing defaults, including:

ADMISSIONS

- Improving screening to ensure students have a reasonable expectation of success.
- Providing counseling and support services to the academically high-risk student.
- Checking attendance to identify withdrawals quickly.

CONTACTS WITH ACCREDITING AGENCIES

- Consulting with accrediting agencies to obtain ideas to reduce withdrawals .
- Consulting with accrediting agencies to obtain ideas to improve job placement.

JOB PLACEMENT

- Expanding job placements.
- Having a liaison with public and private job-placement agencies.

BORROWER CONTACTS

- Contacting borrowers who are on preclaims lists.
- Contacting borrowers during grace periods.

ENTRANCE AND EXIT INTERVIEWS

- Using audio-visual materials.
- Obtaining additional references during entrance and exit interviews.
- Testing student on their loan knowledge during entrance and exit interviews.
- Telling students they must repay their loans regardless of whether they graduate, find a job, or are dissatisfied with the school.
- Explaining rights and responsibilities fully.
- Emphasizing the consequences of default.
- Reviewing repayment options, the sale of loans, and the use of servicers.
- Providing individual or average loan amounts borrowed and monthly payment amounts.
- Providing sample repayment schedules and the name and address of the lender.
- Giving guidance on how to prepare deferments and correspondence to lenders.
- Providing debt management strategies.

OTHER

- Using compensation structures based upon student retention for commissioned salespersons.
- Requiring students to endorse checks at the school.
- Performing an annual self-evaluation of Title IV administration.

In addition to Appendix D default-reduction strategies, a school may wish to consider:

CONSUMER INFORMATION

- Creating easy to read and attractive materials.
- Encouraging students to read and keep loan documents and other information.
- Repeating information in various forms and communications.

- Distributing CSLP materials (Materials may be ordered by completing a "Request for CSLP Supplies" or by calling (303) 294-5050 ext. 363).
- Distributing U.S. Department of Education materials, such as the "Default Prevention Brochure" (This brochure may be ordered by writing: Default Prevention Brochure; Department DPB; Pueblo, CO 81009-0054).
- Distributing materials developed by education specialists.

PROFESSIONAL JUDGMENT[1]

- Certifying loans for less than the amount requested.
- Declining to certify loans to students who indicate that they do not intend to repay loans.
- Developing criteria to determine when professional judgment would be used to reduce the amount requested or to decline the certification of loans.

REFUNDS

- Making refunds expediently, and promptly notifying the borrower the refund has been made.
- Establishing a Title IV distribution policy that refunds loans first.
- Refunding more than the minimum due Title IV financial assistance programs if possible.
- Refunding the gross amount of loans if appropriate and possible.[2]

TRAINING AND CONTACTS

- Attending and sending personnel to seminars, workshops, and other trainings.
- Asking for technical assistance from CSLP and the U.S. Department of Education.
- Networking with other schools and lenders for assistance and cooperation.

EARLY INTERVENTION AND DEFERMENT FORMS

- Notifying CSLP's Early Intervention Unit of borrowers who may need assistance.
- Providing CSLP's Customer Service Hotline number: 1-800-727-9834 or (303) 294-5070.
- Providing deferment forms including unemployment form.

COSTS

- Exploring alternative sources of education funding with students.
- Containing costs for tuition, fees, and other charges at competitive levels.

DEBT MANAGEMENT COUNSELOR

- Creating a position in which responsibilities would include loan and debt management counseling.
- Being available to borrowers who need assistance.
- Referring borrowers to debt counseling services.

Want to Know More? See:

Title 34 of the Code of Federal Regulations, Part 668 Appendix D and *The Federal Student Financial Aid Handbook.*

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[1] Section 428(a)(2)(F) of the *Higher Education Act of 1965* permits a school to refuse to certify an otherwise eligible borrower's GSL programs loan application, or to certify a loan for an amount that is less than what the student would be otherwise eligible for, if the reason for such action is documented and provided to the student in writing. This includes the authority to refuse to certify a loan application based on the institution's belief that the student is unwilling to repay the intended loan. The school's determinations must be made on a case-by-case basis, and documentation supporting an individual determination must be retained in the student's file. The Secretary of the U.S. Department of Education expects that this authority, which has been long-sought by institutions in order to prevent unnecessary borrowing and defaults, will be used judiciously. The Department is not providing lists of "acceptable" and "unacceptable" uses of this authority because to do so would undermine the basic concept of professional judgement. The Secretary believes that the institution is in the best position to make these decisions. The authority granted by Public Law 102-26 does not authorize the institution to discriminate against the borrower on the basis of factors, the consideration of which, are already prohibited by law.

[2] The origination fee and insurance premium for a Stafford Loan will be cancelled *if the lender receives* the net amount of a disbursement, or actual check, within 120 days of the date the disbursement is issued. After 120 days, the fees will not be cancelled, and, hence, a refund of gross amount is appropriate. Cancellation of fees is optional for SLS's and Plus Loans.

APPENDIX D

CSLP Ready Reference

The following questions may assist in implementing default-reduction measures (as indentified in 34 CFR 668 Appendix D for schools with *Cohort Default Rates* over 20% and recommended for all schools):

		YES	NO
I.	**DEFAULT RATE CATEGORY**		
	DEFAULT RATE BETWEEN 20.1% AND 40.0%		
1.	Did the school appropriately submit a default management plan to the U.S. Department of Education for approval?	☐	☐
2	Has the school implemented its approved default management plan?	☐	☐
	DEFAULT RATE ABOVE 30.0%		
1.	[Were] pro-rata refunds applied to all Title IV recipients [1990-91?] [P.L. 101-166]	☐	☐
2	Are pro-rata refunds applied to GSL recipients as of the date the school was notified that its default rate exceeded 30% or November 21, 1989? [P.L. 101-166]	☐	☐
3.	Has the school implemented measures to ensure that loan proceeds are not released until 30 days of the enrollment period have elapsed for all first-time Stafford borrowers? [34 CFR 682.603(c)]	☐	☐
	DEFAULT RATE ABOVE 40.0%		
1.	Has the school adopted Appendix D as its default management plan?	☐	☐
II.	**GENERAL (ALL SCHOOLS REGARDLESS OF DEFAULT RATE)**		
1.	Does the school have an initial loan counseling program? [34 CFR 682.604(f)]	☐	☐
2	Does the school have an exit loan counseling program? [34 CFR 682.604(g)]	☐	☐
3.	If the school is delaying the certification of Stafford or SLS loans, are loans delivered no later than 45 days after the date of enrollment?	☐	☐
	DEFAULT REDUCTION MEASURES		
III.	**ADMISSIONS**		
1.	Does the school have procedures in place to ensure that students admitted to a program have a reasonable expectation of success? [Appendix D,I,1]	☐	☐
2	Does the school have effective academic counseling programs and support services in place, which assist the academically high risk student? [App D,I,2]	☐	☐
3.	Does the school adequately review its attendance or other records to identify students withdrawing without notice to the school? [App D,I,4]	☐	☐
IV.	**CONSULTATION WITH ACCREDITING BODY**		
1.	Has the school contacted its accrediting body to explore possible enhancements to reduce its withdrawal rate? [App D,I,3]	☐	☐
2	Has the school contacted its accrediting body to explore possible enhancements to improve its job placement and licensing? [App D,II,2]	☐	☐
V.	**EMPLOYMENT**		
1.	Has the school expanded its job placement program? [App D,II,1]	☐	☐
2	Does the school have a liaison for job information and placements with appropriate public and private agencies? [App D,II,3]	☐	☐
VI.	**BORROWER CONTACTS**		
1.	Does the school contact each borrower for whom the lender requests pre-claims assistance? [App D,III,1]	☐	☐

YES NO

2. Does the school have procedures for contacting the borrower during the grace period? [App D,III,2] ☐ ☐

VII. COUNSELING

1. Does the school collect additional references and make these references available to the lender upon request? [App D,III,3] ☐ ☐
2. Are students informed prior to signing the loan application that the loan must be repaid regardless of satisfaction or dissatisfaction with the program of study? [App D,III,4] ☐ ☐
3. *Initial Counseling.* Does the school test* potential borrowers on their knowledge of the terms and conditions of their loan? [App D,III,5,(a),(1)] ☐ ☐
4. *Initial Counseling.* Does the school fully explain to each borrower their rights and responsibilities under the GSL loan programs? [App D,III,5,(a),(2)] ☐ ☐
5. *Initial Counseling.* Does the school inform the student of the average indebtedness and repayment data for all students **and** the potential indebtedness and repayment data for each student individually? [App D,III,5,(a),(3)] ☐ ☐
6. *Initial Counseling.* Does the school inform each borrower of the consequences of default? {App D,III,5,(a),(3),(ii)] ☐ ☐
7. *Initial Counseling.* Does the school review repayment options? [App D,III,5,(a),(4)] ☐ ☐
8. *Initial Counseling.* Does the school explain the sale of loans and the use of servicers? [App D,III,5,(a),(5)] ☐ ☐
9. *Initial Counseling.* Does the school provide debt management strategies? [App D,III,5,(a),(6)] ☐ ☐
10. *Exit Counselling.* Does the school test borrower on their knowledge of the terms and conditions of their loan? [App D,III,5,(b),(1)] ☐ ☐
11. *Exit Counseling.* Does the school provide a sample loan repayment schedule to each borrower? [App D,III,5,(b),(2)] ☐ ☐
12. *Exit Counseling.* Does the school provide the name and address of the lender(s) to the student? [App D,III,5,(b),(3)] ☐ ☐
13. *Exit Counseling.* Does the school provide guidance to the borrower on preparation of correspondence to the lender and completing deferment forms? [App D,III,5,(b),(4)] ☐ ☐
14. *Exit Counseling.* Does the school update borrower references? [App D,III,5,(c)] ☐ ☐
15. *Initial and Exit Counseling.* Does the school use audio-visual materials to enhance the effectiveness of its counseling? [App D,III,6] ☐ ☐

VIII. OTHER MEASURES

1. If the school has a commissioned enrollment representative, does it also have a compensation structure that is based on retention of students? [App D,I,5] ☐ ☐
2. If required by the school's approved plan, does the school have a policy that requires its students to come in and endorse the loan check to cover these charges? [App D,I,8) ☐ ☐
3. Does the school perform an annual self-evaluation of its administration of the Title IV programs? [App D,IV] ☐ ☐

Want to Know More? See:

Title 34 of the Code of Federal Regulations, Part 668 Appendix D. The U.S. Department of Education formulated the questions indicated above to review compliance with required default-reduction measures.

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* At a minimum, the test must include: (i) the stated interest rate on the borrower's loans; (ii) the applicable grace period provided to the borrower and the approximate date the first installment payment will be due; (iii) a description of the changes imposed for failure of the borrower to pay all or part of an installment payment when due; and (iv) a description of any charges that may be imposed as a consequence of default, such as liability for expenses reasonably incurred in attempts by the lender or guarantee agency to collect the loan, including attorney's fees. The same criteria apply to the exit test.

PRECLAIMS ASSISTANCE REQUESTS

CSLP Ready Reference

Preclaims assistance refers to the guarantee agency's activities to assist the lender in bringing a delinquent student loan current. Guarantee agencies may offer such assistance at difference stages of a borrower's delinquency. CSLP offers preclaims assistance at the 60th day of delinquency (a loan is delinquent the first day after a borrower misses a due date). Lenders must request this assistance within 10 days of its offering by a guarantee agency and notify the school where the student attended and obtained the loan. The lender may send a copy of its preclaim assistance request to the school or use other means of notification. CSLP notifies schools on behalf of the lenders of such requests. CSLP's report to schools is entitled *Preclaims Notification for Stafford and SLS Loans*.

Schools that have *Cohort Default Rates* in excess of 20% that have elected to use *Appendix D: Default Reduction Measures* as their default-reduction plan must respond to these preclaims assistance requests.

RESPONSE TO PRECLAIMS REQUIRED

REGULATION:

PART 668 APPENDIX D: DEFAULT REDUCTION MEASURES: In cooperation with the lender and in compliance with law, including the Fair Debt Collection Practices Act, if applicable, contact each borrower with respect to whom the lender has requested preclaims assistance from the guarantee agency to urge the borrower to repay the loan and to emphasize the consequences of default . . . by means of telephone contacts and letters sent "Forwarding and Address Correction Requested."

```
DATE RUN: 02/15/92                 COLORADO STUDENT LOAN PROGRAM                          PAGE NUMBER: 01
 SAMPLE                   PRECLAIMS NOTIFICATION FOR STAFFORD AND SLS LOANS              PROGRAM  PR0010P

REPORTING ED CODE      : 00000000                              UPDATES SHOULD    : LENDER BANK
REPORTING INSTITUTION: : COLLEGE UN                            BE SENT TO        : C/O LOAN SERVICING
REPORTING PERIOD:      : 01/01/80 - 02/15/92                                       P .O. BOX 1529
                                                                                   DENVER           CO 80201
NOTE: IF A BORROWER BROUGHT HIS/HER ACCOUNT CURRENT AFTER THE DATE THIS REPORT WAS PRODUCED OR IF THE HOLDER/LENDER HAS NOT YET
CANCELLED THE PRECLAIMS REQUEST, IT IS POSSIBLE THAT A BORROWER LISTED ON THIS REPORT IS NO LONGER DELINQUENT ON HIS/HER ACCOUNT.

SSN/NAME/ADDRESS/PHONE        UPDATE AREA                   TYPE    CREATOR#   PRIN.DELQ   LOAN PERIOD-BEG/END   NEXT DUE
---------------------------------------------------------------------------------------------------------------------------
999-99-99999                  999-99-99999                  1. GSL  88888888   1,0000.00   06/01/88 - 08/05/88   03/15/92
 DOE, JOHN D                 ______________________________ 2.                                      -
2134 VALLEY ST               ______________________________ 3.                                      -
                             ______________________________ 4.                                      -
ANYTOWN    CO 80000          ______________________________ 5.                                      -
(303) 555-5555                EMPLOYER?     _______________ 6.                                      -
                              WORK PHONE?   _______________ 7.                                      -
IS STUDENT CURRENTLY ENROLLED?  Y  OR  N                    8.                                      -
ENROLLED FROM  __________  TO  __________                   9.                                      -
EST.GRAD DATE  ______  FULLTIME/ HALFTIME/LESS THAN HALFTIME 10.                                    -
                                                            11.                                     -

            REGISTRAR'S SIGNATURE _______________  DATE _____________                  (SCHOOL SEAL)
✂
```

SAMPLE WORDING FOR BORROWER CONTACT:

Dear **Borrower's Name**,

The Colorado Student Loan Program has notified me that you may be having difficulty making your student loan payments. I am contacting you to offer my assistance and to make sure you have the enclosed information about deferments and forbearances.

I am particularly interested in assisting you because of the consequences that a loan default may have:

- damaged credit rating for at least 7 years
- loss of generous repayment schedules and deferment options
- possible seizure of federal and state income tax refunds due
- exposure to civil suit
- liability for collection costs
- possible referral of the account to a collection agency
- garnishment of wages if you are a federal employee
- loss of eligibility for further federal Title IV student assistance

Loan defaults also reflect on **Name of School** and whether we will be able to continue to offer loans to assist students with their educational costs. I know your student loan helped you to continue your education. Please do your part to assist us in continuing to provide loans for other students.

Let me and your lender help you. There are deferments available if you are unemployed and forbearances may help you if you are suffering severe financial difficulties. There are other deferments too, but deferments and forbearances are not automatic and require timely requests to your lender. Please call me at **Phone Number** so that I may assist you.

Sincerely,

Name
Title

Acknowledgement

This sample letter was developed by a school with suggestions from CSLP. The letter is used with permission of the school.

Want to Know More? See:

Title 34 of the Code of Federal Regulations §682.411 and Part 668 Appendix D

SUGGESTED MANUALS
CSLP Ready Reference

☎
**1-800-
4 FED AID**

U.S. Department of Education manuals may be ordered by calling the Student Information Center at 1-800-433-3243 (4 FED AID). A recorded message will answer the call, and it will be necessary to wait for an operator for assistance. These manuals are free.

CSLP recommends the following manuals for the Financial Aid Administrator:

The Federal Student Financial Aid Handbook[1]
- provides eligibility and administrative guidelines for all Title IV financial assistance programs.

Verification Guide
- explains information and worksheets to complete the verification process.

Congressional Methodology
- gives formulae and worksheets to determine the *Expected Family Contribution (FC).*

Pell Grant Formula (for participating schools)
- provides formulae and worksheets to determine the *Pell Grant Index (PGI)* number.

Self-Instructional Course in Student Financial Aid Administration
- contains various modules and self-tests to train on all Title IV financial assistance programs.

Additionally, CSLP recommends the following for the Business Office personnel or Fiscal Officer:

Recipient's Guide
- provides instructions to recipients for requesting payments, completing reports, and managing cash.

Student Financial Assistance Programs Audit Guide
- consists of information and requirements for independent auditors in performing audits of Title IV financial assistance programs.

The Blue Book: Accounting, Recordkeeping, and Reporting by Postsecondary Educational Institutions for Federally-funded Student Financial Aid Programs
- details the accounting, fiscal recordkeeping, and reporting requirements for Title IV financial assistance programs.

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[1] These first four manuals are usually published annually: *The Federal Student Financial Aid Handbook, Verification Guide, Congressional Methodology,* and *Pell Grant Formula.*

NOTE: These manuals do not always contain the latest regulations or interpretations of laws concerning student financial aid processing. Hence, the Financial Aid Administrator must be aware of the most recent changes. The latest information may be obtained in the following:

Title 34 of the Code of Federal Regulations and "Federal Register"

- contain regulations that specify the administrative and eligibility requirements of all Title IV financial assistance programs.

"Dear Colleague" letters

- provide guidance and the U.S. Department of Education's policies for the administration of all Title IV financial assistance programs and are issued periodically.

Higher Education Act of 1965, as amended

- is the actual law that authorizes all Title IV financial assistance programs.

CSLP "Alerts" (yellow cover page)

- contain urgent changes and instructional guidance on the administration of the Guaranteed Student Loan (GSL) Programs

CSLP "Bulletins" (blue cover page)

- provide clarifications and guidance on the administration of the GSL Programs.

Be sure to include:

CSLP Rules and Regulations Manual

- contains CSLP's regulations and requirements for loans guaranteed by CSLP.

CSLP School & Lender Training Manual

- contains training materials for administering the GSL Programs for loans guaranteed through CSLP.

CSLP brochures, booklets, and other materials

- provide consumer information to assist students, schools, and lenders.

Want to Know More? See:

CSLP materials may be ordered using the form, "Request for CSLP Supplies", or by calling (303) 294-5050 ext. 363.

SECTION III: THE SCHOOL, Borrower Eligibility

Tabular Table of Contents*

Tab Summary:

Eligibility criteria for the Stafford Loan, SLS, and Plus Loan, and general eligibility criteria for any Title IV student financial assistance are examined under this tab heading.

CSLP Ready References:

ORDER	TITLE	NUMBER	DATE	NEW ✓
1.	Stafford Loans	RR001	February 28, 1992	✓
2.	Supplemental Loans for Student (SLS)	RR002	February 28, 1992	✓
3.	Plus Loans	RR003	February 28, 1992	✓
4.	Student and Borrower Eligibility	RR006	February 28, 1992	✓
5.	Independent Student Definition	RR008	February 28, 1992	✓
6.	Eligible Noncitizen Documentation	RR007	February 28, 1992	✓
7.	Ability-to-Benefit Students	RR009	February 28, 1992	✓
8.	Ability-to-Benefit Tests	RR044	February 28, 1992	✓

Also see CSLP Ready References:

TITLE	LOCATION IN CSLP TRAINING MANUAL
Deferment Summary	SECTION II: THE LENDER, Repayment

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[*] The *Tabular Table of Contents* establishes a recommended order for the *CSLP Ready References* inserted behind this tab heading. New and revised *CSLP Ready References* are designated with a (✓) in the NEW column. Revisions are designated by date. *CSLP Ready References* with older dates are obsolete but may be retained for historical reference.

STAFFORD LOANS

CSLP Ready Reference

The Stafford Loan was formerly known as the Guaranteed Student Loan (GSL). Stafford Loans may be made to independent or dependent students provided they demonstrate need and meet or exceed all the eligibility requirements. The student must first apply for a Pell Grant. Stafford Loans are interest subsidized.

LOAN AMOUNTS PER ACADEMIC YEAR

$2625	–	1st or 2nd Year Undergraduate Students	Effective 01/01/87
$4000	–	3rd, 4th, or 5th Year Undergraduate Students	
$7500	–	Graduate Students	

If a student has a B.A. or B.S. and is enrolled in an undergraduate program, then the student is entitled only to the undergraduate limits.

AGGREGATE TOTALS

$17,250	–	Undergraduate Students
$54,750	–	Graduate Students

INTEREST RATE					GRACE PERIOD	
8% then 10% after 4th Year of Repayment					6 Months	Effective 07/01/88
8%	–	09/13/83	to	06/30/88	6 Months	Prior Rates and Grace Periods
9%	–	01/01/81	to	09/12/83	6 Months	
7%	--	prior	to	01/01/81	9 Months	

If a student has an outstanding balance on a prior GSL or Stafford Loan, then the interest rate on a new loan will be the same as the prior loan(s).

INSURANCE PREMIUM

3.0 %	--	Freshman Borrowers			Effective 11/01/90
2.75%	--	Sophormore Level & Above			
2.6%	--	07/01/89	to	10/31/90	Prior Rates
2.5%	--	07/01/87	to	07/01/89	
1.0%	--	prior	to	07/01/87 (for duration of loan)	

This mandatory fee, also known as a guarantee fee, insures the loan in the event of the borrower's death, permanent and total disability, bankruptcy for certain cases, and/or default. The lender remits the fee to CSLP and may choose to charge the borrower this fee by deducting the amount from each loan disbursement--deductions must be proportional to each disbursement.

ORIGINATION FEE

5.0%				Effective 01/01/90
5.5%	-- 10/01/89	to	12/31/89	Prior Rates
5.0%	-- 10/01/86	to	09/30/89	
5.5%	-- 03/01/86	to	09/30/86	
5.0%	-- 1981	to	02/28/86	
0.0%	-- prior	to	1981	

This fee, also mandatory, was introduced by the federal government in 1981 to offset the cost of the GSL/Stafford Loan program. The lender remits the fee to the U.S. Department of Education and may choose to charge the borrower this fee by deducting the amount from each loan disbursement--deductions must be proportional to each disbursement. The origination fee is based upon the rate as of the date of the first disbursement.

REPAYMENT

- Repayment begins after the expiration of the grace period.
- The minimum monthly payment is $50 unless the borrower and lender agree to a lesser amount in writing or the student's loan balance requires a greater payment per month.
- The borrower may prepay anytime without penalty.
- The borrower has a minimum of 5 years to repay the loan, or less if the minimum payment retires the loan sooner.
- The borrower has a maximum of 10 years to repay the loan.
- Authorized deferments or forbearances are not included in determining a borrower's minimum and maximum repayment time frames.

Want to Know More? See:

The Federal Student Financial Aid Handbook, CSLP Rules and Regulations Manual, and *Title 34 of the Code of Federal Regulations, Part 682;* and the *Higher Education Act of 1965* as amended.

SUPPLEMENTAL LOANS FOR STUDENTS (SLS)

CSLP Ready Reference

The Supplemental Loans for Students (SLS) program is for eligible independent and/or graduate or professional students. Under conditions where the parents of a dependent, undergraduate student have exceptional circumstances and cannot obtain a Plus Loan, a dependent student may borrow the SLS. The student must first apply for a Pell Grant and the maximum Stafford Loan possible if the student shows an eligibility of $200 or greater for the Stafford Loan. The SLS is not an interest-subsidized loan. Students must have a high school diploma or its equivalent (G.E.D.) to borrow the SLS, and the institution's *Cohort Default Rate* must not be equal to or greater than 30%.

LOAN AMOUNTS PER ACADEMIC YEAR

$4000 – Undergraduate or Graduate Students

If a student has not successfully completed the first year of undergraduate studies and is enrolled in a program of less than one academic year, the amounts are:

$2500 – For a Program at least 2/3 of an Academic Year but less than 1 Academic Year.
$1500 – For a Program at least 1/3 but less than 2/3 of an Academic Year.
-0- – For a Program less than 1/3 of an Academic Year.

AGGREGATE TOTALS

$20,000 -- Total Undergraduate or Graduate Student

INTEREST RATE

Variable based upon the 52 week Treasury Bill plus 3.25% and subject to change each July 1st

9.34% Effective 07/01/91

Prior Rates
11.49% – 07/01/90 to 06/30/91
12.00% – 07/01/89 to 06/30/90
10.45% – 07/01/88 to 06/30/89
10.27% – 07/01/87 to 06/30/88
12.00% – 01/01/87 to 06/30/87 (fixed rate)

INSURANCE PREMIUM

3.00% Effective 11/01/90

Prior Rates
2.75% – 07/01/89 to 10/31/90
2.50% – 07/01/87 to 06/30/89
1.00% – prior to 07/01/87 (for duration of the loan)

This mandatory fee, also known as a guarantee fee, insures the loan in the event of the borrower's death, permanent and total disability, bankruptcy for certain cases, and/or default.

The lender remits the fee to CSLP and may choose to charge the borrower this fee by deducting the amount from each loan disbursement--deductions must be proportional to each disbursement.

ORIGINATION FEE

This fee is not applicable to the SLS.

MINIMUM PERIOD FOR SLS

A student is prohibited from borrowing more than the statutory SLS annual loan limit until the minimum period for the student has elapsed (the academic year or seven months, whichever is greater). When seven months is longer than the academic year's length, the school's certification of the student's second SLS may not take place earlier than the first day of the eighth month following the first day of the loan period on the student's first SLS Loan. In certifying the application, the institution may include any period of enrollment prior to the date of certification which was not covered by a previous SLS as long as the student remains eligible. The minimum period was formerly nine months or the academic year, whichever was greater (changed to seven months on November 5, 1990).

REPAYMENT

- The repayment period begins on the day the loan is disbursed. Interest begins to accrue on that day.
- The borrower's first payment shall be due within 60 days after the last disbursement of the loan unless the borrower defers the loan.
- The minimum monthly payment is $50 unless the borrower and lender agree to a lesser amount in writing or the student's loan balance requires a greater payment per month.
- The borrower may prepay anytime without penalty.
- The borrower has a minimum of 5 years to repay the loan, or less if the minimum payment retires the loan sooner. The borrower has a maximum of 10 years to repay. Periods of Authorized deferments or forbearances are not included in determining a borrower's minimum and maximum repayment time frames.
- With the lenders' consent, a borrower with SLS's at different lenders (or a borrower and spouse each having SLS's at the same or different lenders) may pay a combined total of $50 per month provided the 10-year maximum repayment period is not exceeded; any payment amount which would extend the 10-year period would require a period of forbearance.

Want to Know More? See:

The Federal Student Financial Aid Handbook, CSLP Rules and Regulations Manual, Title 34 of the Code of Federal Regulations Part 682, Public Laws: 101-239 (Omnibus Budget Reconciliation Act of 1989) and 101-508 (Omnibus Budget Reconciliation Act of 1990 which includes the Student Loan Default Prevention Initiative Act of 1990), and "Dear Colleague" letters: GEN-89-58, December 1989; GEN-90-33, September 1990; and GEN-90-41, December 1990.

PLUS LOANS
CSLP Ready Reference

A parent or legal guardian of a dependent student may borrow a Plus Loan for the student's education. The school must determine the student's dependency status and eligibility as well as the parent borrower's eligibility. The school may not certify a Plus Loan until *Financial Aid Transcripts* for the student are received. A needs analysis is not required for the Plus Loan. The amount of the loan may not exceed the *Cost of Attendance* less any *Estimated Financial Assistance*. Interest on Plus Loans is not subsidized.

LOAN AMOUNTS PER ACADEMIC YEAR

$4000 – For the Parent Borrower of an Undergraduate or Graduate Student

AGGREGATE TOTALS

$20,000 -- Total that the Parent may borrow per Undergraduate or Graduate Student

INTEREST RATE

Variable based upon the 52 week Treasury Bill plus 3.25% and subject to change each July 1st

9.34% Effective 07/01/91

Prior Rates
11.49% – 07/01/90 to 06/30/91
12.00% – 07/01/89 to 06/30/90
10.45% – 07/01/88 to 06/30/89
10.27% – 07/01/87 to 06/30/88
12.00% – 11/01/82 to 06/30/87 (fixed rate)
14.00% – 10/01/81 to 10/31/82 (fixed rate--No CSLP loans at this rate)
9.00% – 01/01/81 to 09/30/81 (fixed rate--No CSLP loans at this rate)

INSURANCE PREMIUM

3.00% Effective 11/01/90

Prior Rates
2.75% – 07/01/89 to 10/31/90
2.50% – 07/01/87 to 06/30/89
1.00% – prior to 07/01/87 (for duration of the loan)

This mandatory fee, also known as a guarantee fee, insures the loan in the event of the borrower's death, permanent and total disability, bankruptcy for certain cases, and/or default. The lender remits the fee to CSLP and may choose to charge the borrower this fee by deducting the amount from each loan disbursement--deductions must be proportional to each disbursement.

ORIGINATION FEE

This fee is not applicable to the Plus Loan.

REPAYMENT

- The repayment period begins on the day the loan is disbursed. Interest begins to accrue on that day.
- The borrower's first payment is due within 60 days after the loan is disbursed unless the borrower defers the loan.
- The minimum monthly payment is $50 unless the borrower and lender agree to a lesser amount in writing or the student's loan balance requires a greater payment per month.
- The borrower may prepay anytime without penalty.
- The borrower has a minimum of 5 years to repay the loan, or less if the minimum payment retires the loan sooner.
- The borrower has a maximum of 10 years to repay.
- Authorized deferments or forbearances are not included in determining the borrower's minimum and maximum repayment time frames.
- With the lenders' consent, a borrower with Plus Loans at different lenders (or a borrower and spouse each having Plus Loans at the same or different lenders) may pay a combined total of $50 per month provided the 10-year maximum repayment period is not exceeded; any payment amount which would extend the 10-year period would be considered as a forbearance.
- As a condition of insurance, the lender must notify the school that certified the Plus Loan of the following: 1) the name of the borrower, 2) the name of the student on whose behalf the loan is made, 3) the amount of the loan, 4) the name of the lender, and 5) the address of the lender. This notification may be made by informing the school in writing of the above items concurrently with disbursement, or the lender may send the loan check(s) to the school for delivery to the borrower, specifying in each case the name of the student on whose behalf the loan is made.

Want to Know More? See:

The Federal Student Financial Aid Handbook, CSLP Rules and Regulations Manual, and *Title 34 of the Code of Federal Regulations* Part 682.

STUDENT AND BORROWER ELIGIBILITY

CSLP Ready Reference

STAFFORD LOAN. To qualify for a Stafford Loan, the student must:

☐ be enrolled or accepted for enrollment in a degree or certificate program or be enrolled in a preparatory course of study necessary for enrollment in a degree or certificate program for no longer than one twelve-month period;

☐ be enrolled as at least a half-time student;

☐ not be enrolled in either an elementary or secondary school;

☐ have a high school diploma or its recognized equivalent or if above the age of compulsory school attendance in the state in which the institution is located, have the ability to benefit from the education or training offered;

☐ be a U.S. citizen or national or permanent resident of the Trust Territory of the Pacific Islands or the Northern Mariana Islands or a citizen of the Federated States of Micronesia or the Republic of Palau or provide evidence from the U.S. Immigration and Naturalization Service that he or she is a permanent resident of the U.S. or in the U.S. for other than a temporary purpose with the intention of becoming a citizen or permanent resident;

☐ file a "Statement of Educational Purpose" with the lender (contained in the CSLP applications) and, if necessary, a "Statement of Registration Status" with the school;

☐ authorize the school in writing to pay directly to the lender any part of a refund that the school determines to be allocable to the loan (contained on the CSLP applications);

☐ certify to and in fact not owe a repayment/refund on a Title IV grant or be in default on a Title IV loan at any institution;

☐ provide his or her social security number;

☐ if an undergraduate attending a school that participates in the Pell Grant program, receive a determination of eligibility or ineligibility for a Pell Grant;

☐ demonstrate need for the loan using Congressional Methodology;

☐ if currently enrolled, be maintaining satisfactory progress as determined by the school in accordance with regulatory standards;

☐ not have borrowed in excess of the annual or aggregate loan amounts;

☐ meet the additional requirements for flight schools or enrollment in a foreign school if applicable.

SUPPLEMENTAL LOANS FOR STUDENTS (SLS). To qualify for an SLS, the student must:

☐ meet the same eligibility requirements as indicated for the Stafford Loan;

☐ apply for a Stafford Loan if eligible for $200 or more for the Stafford Loan; and

☐ must have a high school diploma or its equivalent (G.E.D).

PLUS LOAN. To qualify for a Plus Loan, the parent borrower must:

☐ be a U.S. citizen or national or permanent resident of the Trust Territory of the Pacific Islands or the Northern Mariana Islands or a citizen of the Federated States of Micronesia or the Republic of Palau or provide evidence from the U.S. Immigration and Naturalization Service that he or she is a permanent resident of the U.S. or in the U.S. for other than a temporary purpose with the intention of becoming a citizen or permanent resident;

☐ certify to and in fact not owe a repayment/refund on a Title IV grant or be in default on a Title IV loan at any institution;

☐ provide his or her social security number; and

☐ file a "Statement of Educational Purpose" with the lender (contained in the CSLP Plus Loan application).

☐ Additionally, the student whose parent is borrowing a Plus Loan must meet all the above eligibility requirements except he or she does not have to receive a determination of Pell Grant eligibility, apply for a Stafford Loan, undergo the needs analysis using Congressional Methodology, or submit a "Statement of Educational Purpose." Note: many schools have a policy which requires dependent students to undergo the needs analysis though not required by regulation.

ALL LOANS. The lender must obtain a credit report from at least one national credit bureau for an applicant who will be at least 21 years old as of July 1st of the award year for which assistance is being sought. The lender may charge actual costs up to $25 for the credit report. If the lender considers the applicant to have an adverse credit history, the applicant must obtain a credit-worthy cosigner.[1]

Want to Know More? See:

Title 34 of the Code of Federal Regulations §668.7 and §682.201; Public Law 99-498 §484(a)(1), and "Dear Colleague" letters GEN-88-34, October 1988, and GEN-89-58, December 1989. Also see *The Federal Student Financial Aid Handbook.* and the "Emergency Unemployment Compensation Act of 1991" [Public Law 102-164 which amends the Higher Education Act of 1965 §485(b)].

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[1] This requirement of the "Emergency Unemployment Compensation Act of 1991" [Public Law 102-164] has not been implemented through federal regulations as of the date of this reference.

INDEPENDENT STUDENT DEFINITION

CSLP Ready Reference

One of the most important decisions in need analysis is whether the student should be treated as a dependent or independent student. If the student is dependent on his or her parents, the student will have to include parental information on the financial aid application and a parental contribution will be added to the student's contribution.

Traditionally, need analysis methodologies have assumed that parents have the primary responsibility to pay for their children's education. However, there have always been exceptions to this rule--for students who no longer have contact with their parents, non-traditional students who are too old to be considered the parents' responsibility, and other cases. Most financial aid applications ask several questions at the outset that decide whether a student will be considered dependent on their parents, or independent.

1992-93 AWARD YEAR

For the 1992-93 award year, a student is automatically determined to be an independent applicant if he or she meets any *one* of the following criteria:

- The student was born before January 1, 1969;
- The student is a veteran of the U.S. Armed Forces;
- The student is a ward of the court, or both parents are dead; and/or
- The student has legal dependents other than a spouse.

DOCUMENTATION

The student will also be considered to be independent if the school documents that one of the following circumstances exits:

- The student is married, or a graduate or professional student, and will not be claimed as an income tax exemption by his or her parents for the 1992 tax year.
- The student is a single undergraduate student and was not claimed as an income tax exemption by his or her parents in either 1990 or 1991, and demonstrates self-sufficiency for two years. The student is considered self-sufficient if he or she had total annual income and other resources of at least $4,000.

  The two years used to demonstrate self-sufficiency are the two years before the student first received Title IV financial assistance beginning with the 1987-88 award year. Thus, the questions at the beginning of the application separate single undergraduate students into five categories:

If the student first received Title IV financial assistance in this year	The two years used to show self-sufficiency are:
1987-88	1985 and 1986
1988-89	1986 and 1987
1989-90	1987 and 1988
1990-91	1988 and 1989
1991-92	1989 and 1990
Never Received Aid or Received Aid for 1986-87 or Earlier	1990 and 1991

PROFESSIONAL JUDGMENT. A Financial Aid Administrator may use *Professional Judgment* to make a student independent even though the student does not meet the above criteria if the administrator has sufficient reason to do so and documents the reason in the student's folder.

IMPORTANT DEFINITIONS

LEGAL DEPENDENT:
A legal dependent is any person who lives with the student, receives more than half-support from the student, and will continue to receive more than half-support from the student during the award year. Also, the natural or adopted child of the student, or a child for whom the student is legal guardian, if the child receives more than half-support from the student (the child does not have to live with the student).

PARENT:
A parent is the natural or adoptive parent, or a legal guardian who has been appointed by a court and specifically directed by the court to support the student.

RESOURCES:
Resources include not only traditional sources of income (such as wages, salaries, tips, interest and dividend income, untaxed income and benefits, fellowships and veteran's cash benefits) but also any student financial aid (except Plus Loans), and personal long-term cash loans used for educational purposes. These resources may not include any support received from the student's parents.

Want to Know More? See:

The Federal Student Financial Aid Handbook, *The Congressional Methodology*, and the *Higher Education Act of 1965* as amended §480(d) and §479A.

ELIGIBLE NONCITIZEN DOCUMENTATION

CSLP Ready Reference

An applicant who is a permanent resident or other eligible noncitizen must provide documentation of that status to receive Title IV funds. Such documentation may be provided automatically through the results of a computer match of information from the financial aid application with Immigration and Naturalization Service (INS) records. This computer match, known as "primary confirmation," will result in a *Student Aid Report (SAR)* comment indicating either that the student's status has been confirmed or that it was not confirmed. If the SAR comment states that the student's status as an eligible noncitizen has been confirmed, that comment serves as the documentation that a school must retain in the student's files.

If a student is unable to provide a SAR that confirms his or her status as an eligible noncitizen, the student must provide the school with appropriate documentation. The following forms may be used to document the status of a student as an eligible noncitizen. The financial aid administrator is also required to document other citizen/noncitizen classifications if the he or she suspects that the student may not be eligible.

CITIZEN NOT BORN IN U.S.

- Certificate of Citizenship--must have student's name and application number, and the date the certificate was issued
- Certificate of Naturalization--must have student's name and petition number, certificate number, INS Alien Registration Number, name of the court (and date) where naturalization occurred
- "Certificate of Birth Abroad" (Form FS-545, DS-1350, or FS-240)--must have embossed seal reading "United States of America" and "State Department." The FS-240 is entitled "Report of Birth Abroad."
- U.S. Passport

NONCITIZEN NATIONAL

- U.S. Passport--must be stamped "Non-citizen National"

PERMANENT RESIDENT

- "Alien Registration Receipt Card" (Form I-151, I-551, or I-551C)--The I-551 and the I-551C must have currently valid expiration dates. These cards are often referred to as "green cards" though not always green in color.
- Passport--must be stamped "Processed for I-551" with expiration date

- I-94 --must be stamped "Processed for I-551" with expiration date, or "Temporary For I-551," with appropriate information completed

OTHER ELIGIBLE NONCITIZEN

- "Temporary Resident Card" (Form I-688)--must have expiration date. Note that a student with an "Employment Authorization Card" (I-688A) is not eligible for federal student financial assistance.

- "Arrival-Departure Record" (I-94)--must be stamped as a Refugee, Asylum Status, Conditional Entrant (before April 1, 1980), Parollee, Cuban-Haitian Entrant

- Court order or INS letter confirming suspension of deportation--either a copy of the order from the Immigration Judge, or a letter from the district INS office, with appropriate information

Need Help for Questionable Citizen Status? Dial: (303) 294-5050 ext. 311

CSLP has an investigator who can assist with determining citizenship status for an individual whose status may be in question. Call the Compliance, Training, and Investigation Department at the above number for additional information.

Want to Know More? See:

The Federal Student Financial Aid Handbook. Refer to this handbook for additional documentation and more information regarding questions of citizenship and eligibility. This chapter also includes a list of addresses by state for INS File Control Offices.

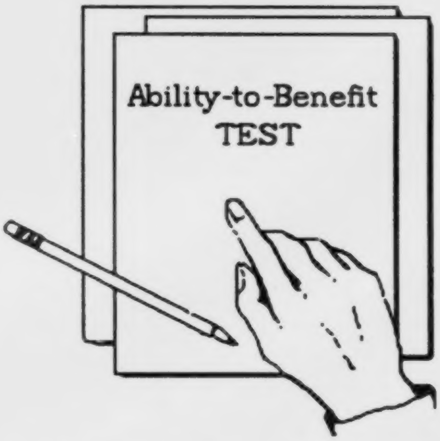
ABILITY-TO-BENEFIT STUDENTS

CSLP Ready Reference

An individual who does not have a high school diploma or its recognized equivalent (i.e., GED) may be admitted to a school as a regular student based upon an *ability to benefit.* Such ability-to-benefit students are eligible for most Title IV financial assistance only if they pass an independently administered test approved by the Secretary. The approved tests are required for periods of enrollment beginning on or after July 1, 1991.

The *Higher Education Technical Amendments of 1991* (Public Law 102-26, enacted April 9, 1991) amended the *Student Loan Default Prevention Initiative Act of 1990* (Public Law 101-508, subtitle A of the *Omnibus Budget Reconciliation Act of 1990*, enacted November 5, 1990). The technical amendments shifted the testing requirements from a school's admission policies and eligibility to participate in Title IV assistance to the students' eligibility to receive Title IV assistance. Additionally, the prior implementation date which required independently administered tests for periods of enrollment beginning on or after January 1, 1991, was repealed. The technical amendments changed the student's eligibility criteria to read:

> TESTING OF STUDENTS WHO ARE NOT HIGH SCHOOL GRADUATES.--In order for a student who does not have a certificate of graduation from a school providing secondary education, or the recognized equivalent of such certificate, to be eligible for any assistance under subparts 1, 2, and 3 of part A [Pell Grant, SEOG, and SSIG] and parts B [GSL Programs], C [CWS], D [Income Contingent Loans] and E [Direct Loans (Perkins)] of this title, the student shall pass an independently administered examination approved by the Secretary.
>
> No student shall be eligible to borrow fund under this section [§428A Supplemental Loans for Students] until such student has obtained a certificate of graduation from a school providing secondary education, or the recognized equivalent of such certificate.



While the law requires that the Secretary approve the student examination, the test shall be developed, administered, and graded by one or more organizations determined by the Secretary to be independent of the institutions using the test. The Secretary considers an examination to be independently administered if it is administered in accordance with the procedures specified by the test publisher and by an individual or organization that has no current or prior fiscal interest in the institution other than an arms-length arrangement to administer the examination, except that the Secretary considers degree-granting institutions that had already in existence established testing or assessment centers that are independent of the admissions process, to be able to independently administer examinations. Without limiting the foregoing, a test administrator, proctor, or scorer may not be a current or former employee, consultant or student of the institution, may not be on the board of directors of, an owner of, or have a financial interest in the institution, and may not be a relative of any of the above. With the exception of employees of such testing or assessment centers at degree-granting institutions, the Secretary does not consider an employee of one postsecondary institution to be sufficiently independent to administer tests to prospective students at another postsecondary institution. The Secretary considers that a testing or assessment center that is owned, controlled and/or operated by a current or former owner of an institution, except an established testing or assessment center at a degree-granting institution, cannot independently administer ability-to-benefit examinations to prospective students of the institution within the context of this notice. To insure that a record of an independently administered test is maintained, the institution is advised to keep a record of the test taken, the date of the test, and the test scores. It is also recommended that the individual who administers the test and the president or chief executive officer of the institution sign a statement, that may be kept on file at the institution, certifying that the test administrator has no direct or indirect relationship with the institution. The Secretary will develop a form to meet this certification standard.

The Secretary considers that, for an institution to make a valid ability-to-benefit determination, the institution must use a passing score (cut-score) on the examination, that is, at a minimum, one full *Standard Deviation* below the mean for that examination. In setting the cut-score on a test that has been normed on different populations, the institution must use the normed distribution for the population most comparable to the population being admitted.

Schools which admit students on the basis of their ability to benefit from the education or training provided must make available to such students a program proven successful in assisting students in obtaining a certificate of high school equivalence (GED). Additionally, no student who is admitted on the basis of the ability to benefit from the education or training provided by the institution shall be eligible to borrow the SLS (Supplemental Loans for Students) until such student has obtained a certificate of high school equivalence or a high school diploma.

Want to Know More? See:

Public Laws: 101-239 (*Omnibus Budget Reconciliation Act of 1989*), 101-508 (*Omnibus Budget Reconciliation Act of 1990* which includes the *Student Loan Default Prevention Initiative Act of 1990*), and 102-26 (*Higher Education Technical Amendments of 1991*); "Dear Colleague" letters: GEN-89-58, December 1989; GEN-90-33, September 1990; GEN-90-41, December 1990; GEN-91-1, January, 1991; GEN-91-8, January 30, 1991; GEN-91-10, February 1991; and GEN-91-20, June 1991; and Notice of Approved Tests, December 19, 1990.

■ P.A.R. Admissions Test--Alternate Form (English version)	P.A.R. Educational Publishers, Inc. (401) 331-0130
■ Preliminary Scholastic Aptitude Test (PSAT)	The College Board and Educational Testing Service (202) 713-8000
■ Prueba de Aptitud Academica (PAA)--Approved for use in testing students where Spanish is both the student's native language and the language of instruction.	College Board (809) 759-8625
■ Pruebas de Aprovechamiento Academico--The English Section (ESLAT) is approved for use in testing nonnative speakers of English only when the language of instruction is English.--The Spanish and mathematics section is approved for testing students where Spanish is both the student's native language and the language of instruction.	College Board (809) 759-8625
■ Scholastic Aptitude Test (SAT)	The College Board and Educational Testing Service (202) 713-8000
■ Secondary Level English Proficiency Test (SLEP)	Education Testing Service (609) 771-7244
■ Spanish Adult Basic Education Test (SABE), Level 6; Cut-Score is 2/3rds of a standard deviation below the mean	The Psychological Corporation (512) 299-1061
■ Test of Adult Basic Education (TABE), Level A--Forms 5 or 6	CTB/McMillian McGraw Hill 1-800-538-9547
■ Test of Adult Basic Education (TABE), Level D--Forms 5 or 6	CTB/McMillian McGraw Hill 1-800-538-9547
■ Tests used by states for assessing the basic skills of entering postsecondary students	
■ The Job Training Assessment Program (JOBTAP)--Four sections, i.e., Training and Work Manuals, Work Rules and Procedures, Follow-the-Rule Arithmetic, and Find-the-Rule Arithmetic	
■ Wonderlic Personnel Test--Forms I, II, APT, or EM	E.F. Wonderlic Personnel Test, Inc. 1-800-323-3742
■ Wonderlic Scholastic Level Exam--Forms IV, V, T-51, or T-71	E.F. Wonderlic Personnel Test, Inc. 1-800-323-3742

Want to Know More? See:

"Dear Colleague" letters: GEN-89-58, December 1989; GEN-90-33, September 1990; GEN-90-41, December 1990; GEN-91-1, January, 1991; GEN-91-8, January 30, 1991; GEN-91-10, February 1991; and GEN-91-20, June 1991; and Notice of Approved Tests, December 19, 1990.

ABILITY-TO-BENEFIT TESTS

CSLP Ready Reference

The the following Ability-to-Benefits Tests have been approved through June, 1991:

TEST	TEST DEVELOPER AND PHONE
ACT Assessment	American College Testing Program (319) 337-1249, 337-1329, 337-1000
Adult Basic Learning Examination (ABLE)--Level 3	The Psychological Corporation (512) 299-1061
APTICOM--when two sections are administered together: (1) Educational Skills Development Battery; and (2) three parts of Aptitude Test Battery (Patten Visualization, Numerical Reasoning and Word Meaning)	Vocational Research Institute 1-800-874-5387
Aptitude Based Career Decision Test (ABCD)	Education Technologies, Inc. (609) 882-2668
Armed Services Vocational Aptitude Battery (ASVAB)--Forms 8, 9, & 10	U.S. Military Enlistment Processing Command (708) 688-4920
Assessment and Placement Services, (4 test) Battery--Form B	
ASSET--Forms B or C	Lingui Systems 1-800-255-8463
Career Program Assessment Test (CPAT)--Forms A or B	American College Testing Program (319) 337-1249, 337-1329, 337-1000
Comprehensive Tests of Basic Skills--Level 1	CTS/McGraw Hill (408) 649-8400
Degrees of Reading Power (DRP)--standard and advanced forms	Touchstone Applied Science Associates Inc. (914) 277-4900
Descriptive Tests of Language Skills (DTLS)	
Descriptive Tests of Mathematical Skills (DTMS)	
Differential Aptitude Test--Forms V or W	The Psychological Corporation (512) 299-1061
Flanigan Industrial Tests--Forms A or AA, Entire Battery Only	SRA/London House 1-800-221-8378 ext. 667 or 404; (708) 298-7311 ext. 626
General Education Diploma Tests (GED)	General Educational Development Testing Service of the American Council on Education (202) 939-9300
Nelson-Denny Reading Test--Forms E or F	Riverside Publishing Company (312) 693-0040

SECTION III: THE SCHOOL, Application Process

Tabular Table of Contents*

Tab Summary:

The processes and requirements for determining a student's need and eligibility, and the procedures for certifying loans are examined under this tab heading.

CSLP Ready References:

ORDER	TITLE	NUMBER	DATE	NEW ✓
1.	Loan Document Flow	RR005	February 28, 1992	✓
2.	Need Analysis	RR010	February 28, 1992	✓
3.	Cost of Attendance	RR065	February 28, 1992	✓
4.	Family Contributions	RR038	February 28, 1992	✓
5.	FC's, Loan Periods, and Periods of Enrollment	RR074	February 28, 1992	✓
6.	Estimated Financial Assistance	RR075	February 28, 1992	✓
7.	Veterans Educational Benefits	RR011	February 28, 1992	✓
8.	Professional Judgment	RR083	February 28, 1992	✓
9.	Financial Aid Worksheet	RR084	February 28, 1992	✓
10.	Verification	RR013	February 28, 1992	✓
11.	Conflicting Data	RR062	February 28, 1992	✓
12.	Financial Aid Transcripts	RR012	February 28, 1992	✓
13.	Loan Certification Requirements	RR014	February 28, 1992	✓
14.	Scheduling Disbursements	RR069	February 28, 1992	✓
15.	Certifying a CSLP Stafford Loan	RR072	February 28, 1992	✓
16.	Certifying a CSLP SLS or Plus Loan	RR073	February 28, 1992	✓

Also see CSLP Ready References:

TITLE	LOCATION IN CSLP TRAINING MANUAL
Enrollment Classifications	SECTION III: THE SCHOOL, Enrollment Status
Overawards	SECTION III: THE SCHOOL, Delivery of Loan Proceeds
Attribution to Payment Periods	SECTION III: THE SCHOOL, Refunds
Record Requirements	SECTION III: THE SCHOOL, Record Keeping Requirements
Form Checklist	SECTION III: THE SCHOOL, Record Keeping Requirements
Reject Codes	SECTION II: THE LENDER, Origination

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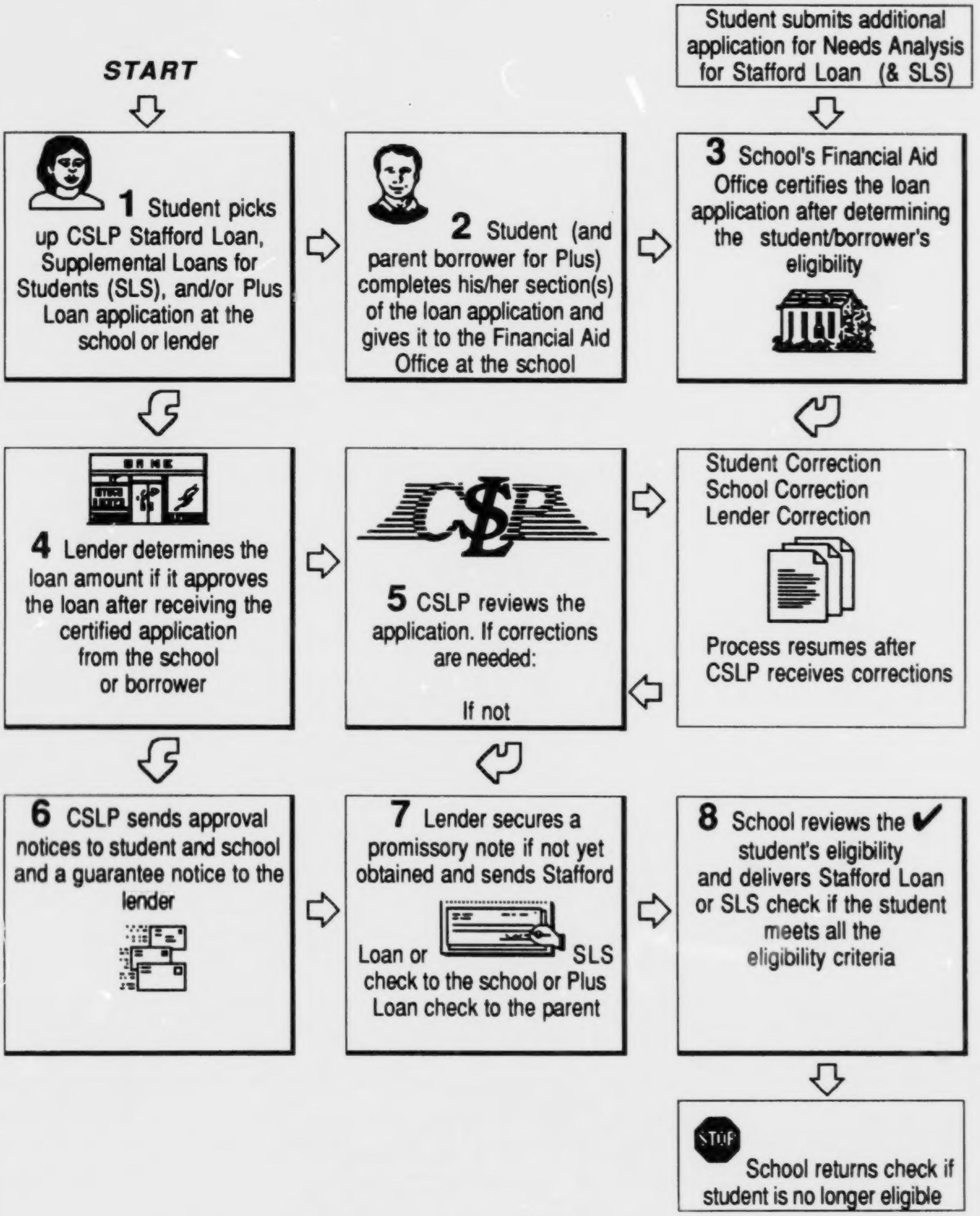
* The *Tabular Table of Contents* establishes a recommended order for the *CSLP Ready References* inserted behind this tab heading. New and revised *CSLP Ready References* are designated with a (✓) in the NEW column. Revisions are designated by date. *CSLP Ready References* with older dates are obsolete but may be retained for historical reference.

LOAN DOCUMENT FLOW

CSLP Ready Reference



START

1 Student picks up CSLP Stafford Loan, Supplemental Loans for Students (SLS), and/or Plus Loan application at the school or lender

2 Student (and parent borrower for Plus) completes his/her section(s) of the loan application and gives it to the Financial Aid Office at the school

Student submits additional application for Needs Analysis for Stafford Loan (& SLS)

3 School's Financial Aid Office certifies the loan application after determining the student/borrower's eligibility

4 Lender determines the loan amount if it approves the loan after receiving the certified application from the school or borrower

5 CSLP reviews the application. If corrections are needed:

Student Correction
School Correction
Lender Correction

Process resumes after CSLP receives corrections

If not

6 CSLP sends approval notices to student and school and a guarantee notice to the lender

7 Lender secures a promissory note if not yet obtained and sends Stafford Loan or SLS check to the school or Plus Loan check to the parent

8 School reviews the ✔ student's eligibility and delivers Stafford Loan or SLS check if the student meets all the eligibility criteria

School returns check if student is no longer eligible

1. The Student obtains a CSLP *Application for a Colorado Stafford Student Loan (GSL), Application for a Colorado SLS Loan*, and/or *Application for a Colorado PLUS/SLS Loan* from the school or lender.

2. For the Stafford Loan and the SLS, the student completes the application section on the first page and the promissory note section on the second page. For the Plus Loan, the student completes the student section, and the parent completes the borrower section. The student forwards the application to the Financial Aid Office at the school.

3. The Financial Aid Office at the school reviews the student's eligibility. The school must perform a needs analysis for the Stafford Loan and the SLS which requires an additional application for financial aid such as the *ACT Family Financial Statement* (FSS) or the *Application for Federal Student Aid* (AFSA). If the student is eligible, the school certifies the application by completing the school section. If the name of the lender is indicated on the application, then the school may forward the application to the lender. If the lender is not indicated, the school must return the application to the student for delivery to the lender.

4. The loan officer at the lender completes the lender section including how much they will lend the student. The lender forwards the application to CSLP.

5. CSLP reviews the application and sends corrections to the student, school, and/or lender if necessary. Processing continues after the correction forms are returned to CLSP if necessary.

6. For an acceptable loan, CSLP guarantees the loan and sends an approval notice to the student, a list of approved loans to the school, and the guarantee notice to the lender.

7. Upon receipt of the guarantee, the lender prepares the check and sends it to the school. Prior to issuing the check, the lender must make sure that they have a valid promissory note. If the note on the original application is unacceptable, then they must contact the borrower for a new promissory note and may use the note generated by CSLP. Since there is no promissory note on the application for a Plus Loan, the lender must obtain a valid note from the parent borrower prior to sending the check to the parent or c/o the school.

8. The school delivers the Stafford Loan or SLS check to the student within the required guidelines. If the student is no longer eligible, then the school must return the loan check to the lender.

Want to Know More? See:

The Federal Student Financial Aid Handbook, CSLP Rules and Regulations Manual, and *Title 34 of the Code of Federal Regulations, Part 682;* and the *Higher Education Act of 1965* as amended.

NEED ANALYSIS
CSLP Ready Reference

WHAT IS NEED ANALYSIS? *Need Analysis* is the process of determining a student's need for financial assistance. The majority of federal and state financial assistance programs require a student to have *Financial Need* in order to qualify for assistance. *Need Analysis* encompasses all the federal and state laws and regulations that govern the determination of eligibility for assistance.

WHAT IS FINANCIAL NEED? *Financial Need* is the dollar amount determined by subtracting the *Family Contribution* (money the family is expected to pay toward the student's education) from the student's *Cost of Attendance* (associated costs of going to school):

COST OF ATTENDANCE (COA) - FAMILY CONTRIBUTION (FC) = FINANCIAL NEED

This need is the amount that a student may be awarded for "need-based" financial aid programs. However, *Estimated Financial Assistance* (public and private grants, loans, scholarships, work-study, etc.) must also be subtracted to determine a student's eligibility for the Stafford Loan. The Plus Loan and Supplemental Loans for Students (SLS) programs subtract only the *Estimated Financial Assistance (EFA)*--not the FC--from the COA in determining possible loan limits because these programs are not based upon *Financial Need*.

COA - FC - EFA = STAFFORD LOAN ELIGIBILITY
COA - EFA = SLS/PLUS LOAN ELIGIBILITY
} **UP TO LOAN LIMITS**

WHAT SYSTEM IS NOW USED EXCLUSIVELY FOR NEED ANALYSIS? Congressional Methodology (CM) is the need-analysis methodology prescribed by law for use, beginning in the 1988-89 academic year, in calculating a student's FC under the three Campus-Based Programs--Perkins Loans, Supplemental Educational Opportunity Grants (SEOG's), and College Work-Study (CWS)--as well as the Stafford Loan Program. The Uniform Methodology (UM) and other systems formerly approved by the U.S. Department of Education, which previously were used to determine the FC under these programs, are no longer permitted for that purpose.

ARE THERE DIFFERENT FORMULAS USED IN CONGRESSIONAL METHODOLOGY?

There are three *Regular* (full-data) formulas:

❶ **DEPENDENT STUDENT**
❷ **INDEPENDENT STUDENT WITHOUT DEPENDENTS**
❸ **INDEPENDENT STUDENT WITH DEPENDENT(S)**

In addition, there is a *Simplified* version of each formula with fewer data elements. A student is eligible for the simplified formula if the family's total *Adjusted Gross Income* or earned income is $15,000 or less and each family member whose financial data is reported on the application either filed a 1040A or 1040EZ tax return (not the 1040 long form), or did not and will not file a tax return. The *Simplified* formulas do not analyze estimated income for a dislocated worker, medical/dental expenses, elementary/secondary tuition paid, contribution from assets, or veterans educational benefits. The *Regular* formulas include modifications for *Dislocated Workers* and *Displaced Homemakers*.

WHO QUALIFIES AS A DISLOCATED WORKER?

A *Dislocated Worker* is a person who has been given this classification by the appropriate state agency (such as the State Employment Service or Job Service) in accordance with Title III of the Job Training Partnership Act of 1982. By definition, a *Dislocated Worker* is someone who: has been fired or laid off, has been laid off as a result of permanent closure of a plant or other facility, or was self-employed (including farmers) but is now unemployed because of poor economic conditions in the community or a natural disaster. The formula for a *Dislocated Worker* is the same as the *Regular* full-data formula except that (1) expected-year income is substituted for the base-year income, and (2) a net home worth of zero is substituted for the actual net worth of the home.

WHO IS CLASSIFIED AS A DISPLACED HOMEMAKER?

To be classified as a *Displaced Homemaker*, a person must meet all of the following criteria: s/he has not worked full time in the labor force for a substantial number of years (i.e., approximately 5 years or more) but has, during those years, worked in the home providing unpaid services for family members; s/he has been dependent on public assistance or on the income of another family member, but is no longer receiving that income, or is receiving public assistance because of dependent children in the home; and s/he is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment. For the *Displaced Homemaker* formula, a net home worth of zero is substituted for the actual net worth of the home.

WHAT ARE SPECIAL CONDITIONS?

Special Conditions are specific situations, defined by the U.S. Department of Education, that involve a significant reduction in family income from loss of employment or benefits, separation or divorce, or the death of a wage-earning family member. These special conditions are described each year in *Congressional Methodology* and *The Federal Student Financial Aid Handbook* (federal manuals). The formula for a special condition substitutes expected-year income[1] for base-year income; however, the administrator must use his or her *Professional Judgment* to decide to use this FC.

WHAT FORMS MAY BE USED FOR CONGRESSIONAL METHODOLOGY?

Students may send applications to MDE's, *Multi-Data Entry* processors, such as ACT, CSS, and USAF, and indicate on the forms to which school(s) the results are to be returned. Additionally, FC's may be calculated by hand, using worksheets in *The Congressional Methodology* handbook, and many companies have computer software to calculate FC's.

An *Output Document* is the printed or computer results of an analysis using CM and provides the dollar figure(s) for the FC. Schools must retain such forms as documentation of the FC. In-school processing by hand or computer also requires that the original application be retained.

APPLICATION	**OUTPUT DOCUMENT**
USDE's *Application for Federal Student Aid (AFSA)*	*Student Aid Report (SAR)*
ACT's *Family Financial Statement (FFS)*	*Comprehensive Financial Aid Report (CFAR) + SAR*
CSS's *Financial Aid Form (FAF)*	*Financial Aid Form Need Analysis Report (FAFNAR) + SAR*
USAF's *SingleFile Form*	*Financial Aid Institutional Report (FAIR) + SAR*
Other Approved Systems	Computer Tapes and Printouts, Hand Calculations

Want to Know More? See:

The Congressional Methodology, *The Student Guide*, and *The Federal Student Financial Aid Handbook.*

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[1] *Expected year* refers to the first calendar year of the award year (i.e., 1992 for the 1992-93 award year) for the Pell Grant program. For other Title IV programs, an *expected year* may also be based upon the number of months in the *Period of Enrollment* and months of non-enrollment immediately preceding enrollment for a total of 12 months. *Base year* refers to the most recently completed calendar year preceding the award year (i.e., 1991 for 1992-93).

COST OF ATTENDANCE

CSLP Ready Reference

DEFINITION. The *Cost of Attendance (COA)* is an estimate of the student's education expenses for a *Period of Enrollment* or portion of it that corresponds to the *Loan Period* for GSL Programs or the *Award Period* for Campus-Based Programs and most state programs.[1] *Cost of Attendance* is often called the "Student Budget" or "Student Expense Budget".

PERMISSIBLE COMPONENTS. The school must establish the COA figures to be used in determining a student's eligibility for financial aid. Such costs may be based upon standards prepared by agencies, surveys, and/or other research conducted by the school; the school must be able to document that the costs are reasonable. The *Cost of Attendance* includes as applicable:

TUITION AND FEES. Tuition and fees are those normally assessed a student carrying the same academic workload as others in a particular program of study and include the cost of renting or buying any equipment, materials, or supplies required of all students in that program.[2] A school may use actual costs[3] or establish separate average costs for special categories of students, such as undergraduate or graduate, in-state or out-of-state. For a part-time student, a school may reduce proportionally the full-time tuition and fee component or may use the actual amount it charges that student.

BOOKS AND SUPPLIES. Reasonable allowances should be provided for books and supplies. The school may have different books and supplies allowances to reflect the requirements of particular majors or programs of study.[5]

ROOM AND BOARD. The room and board allowance may include only the living costs of the student during *Periods of Enrollment* and must be 1) not less than $1500 for a student without dependents who is living at home with parents, 2) a standard allowance for students without dependents living in institutionally owned or operated housing, based on the school's normal room and board costs for most students, and 3) for all other students, an allowance of not less than $2500, based on reasonable expenses for room and board.[6]

PERSONAL EXPENSES. Personal expenses include items such as clothing and laundry, grooming aids, insurance, and recreation. The allowance should permit the student to maintain a reasonable standard of living.

TRANSPORTATION. Transportation may include the cost of travel between the student's residence and the school, and travel costs required for completing a program of study. When public transportation is not available for travel to and from school, the cost of operating and maintaining a car (gas, oil, license, insurance, repair, for example) may be included.[8] In such cases, the transportation allowance may be based on the prevailing mileage costs used in the region where the school is located. For students who live away from home, the travel allowance usually includes the cost of two or three round trips between the student's residence and the school by way of a common carrier, economy class.

STUDY ABROAD. Reasonable costs associated with a formal program of study abroad, if foreign study is part of the academic program, may be included.

LOAN FEES. Insurance Premium (Guarantee Fee) and Origination Fee on a loan may be included if applicable.[9]

1992-93 CCHE Budget Parameters[4]

Annual Books and Supplies
$400-$500

Monthly Living Allowances for Room, Board, Personal Expenses and Transportation[7]

Living with Parents No Dependents
$350-415

Institutional Housing No Dependents
$185-250
plus actual institutional housing costs

All Other Students
$750-850

Medical Expenses
$100 per month for health insurance or medical care, not covered by mandatory student fees

DEPENDENT CARE. If a student has one or more dependents[10] who are included in the student's household size, and the dependents must have care in order for the student to attend classes, the school may determine an allowance for dependent care for expenses "reasonably incurred" based on the number and age of the dependents. The allowance may be a projection of the student's expected dependent care costs rather than actual costs, and may be a separate amount for each dependent. In some cases, living expenses for dependents may be included if the family's available income is less than the *Standard Maintenance Allowance* (part of *Congressional Methodology)*.

HANDICAPPED. For a handicapped student, an allowance for those expenses (including transportation expenses) related to his or her handicap which are not provided by other assisting agencies may be included.

Child Care
Actual child care costs to a maximum of $410 per month, per child

PROFESSIONAL JUDGMENT. The Financial Aid Administrator has the authority to use *Professional Judgment* to adjust the COA on a case-by-case basis to allow for special circumstances. Such adjustments must be documented in the student's file. For example, if a school uses average tuition and fee charges, but has individual students whose tuition and fees vary greatly from the average, the school may exercise *Professional Judgment* to use actual charges for those students. However, a standard accommodation of living expenses for a category of students during periods of non-enrollment is not permissable. Likewise, *Professional Judgment* may not be used to include the cost of a professional licensing exam in the COA because these costs are clearly costs related only to post-enrollment activity rather than costs related to completing the student's program of study at the school.

Want to Know More? See:

The Federal Student Financial Aid Handbook, Congressional Methodology, Title 34 of the Code of Federal Regulations §682.200, and CCHE's *Colorado Handbook for State Funded Student Assistance Programs.*

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[1] The Pell Grant Program has different criteria for the *Cost of Attendance* than these requirements.

[2] The cost of professional licensing examination fees may be included only if required for the degree or certificate program.

[3] The U.S. Department of Education may require a school to include 100% of its tuition and fees in the first *Loan Period* (or *Award Period)* if the school requires payment of all charges upon entry for the entire program of study, even though the *Period of Enrollment* may span more than one *Loan Period.* In other words, tuition and fees must be *front-loaded.* Subsequent *Loan Periods* may include room, board, and other expenses but may not include any tuition or fees. *Front-loading* may be based upon the school's *Enrollment Agreement* (contract) or catalog which uses the following or similar wording: "All charges are due and payable upon entry." In such circumstances, the school may not prorate the tuition and fees over more than one *Loan Period.*

[4] These parameters are prepared by the Colorado Commission on Higher Education (CCHE) and are used with CCHE's permission. A school may wish to use these parameters in place of documented surveys, agency data, or other research. See CCHE's *Colorado Handbook for State Funded Student Assistance Program* for more detail, i.e., tuition for state aid programs.

[5] The purchase price of a personal computer may be included only if the purchase of a computer is required by the student's academic program and is required of all students in that program. If a personal computer is not required of every student enrolled in a particular program, the cost of the computer may not be included. For a student receiving instruction through telecommunications technology, the rental or purchase of telecommunications equipment may not be included.

[6] These minimum figures of $1500 and $2500 may be prorated for students who are enrolled more or less than 9 months. COA's for correspondence study programs may include tuition and fees only, and if required for residential training, books and supplies, travel, and room and board during the residential training period. A student enrolled less than half time receives no room and board allowance.

[7] *Local transportation* is included at $100 per month. Schools may choose to individualize their transportation allowance and provide up to 20¢ per mile. *Non-local transportation:* Schools are strongly urged to individualize this cost item intended to finance two round trips home per year.

[8] These expenses may not include the purchase of a car.

[9] If these fees are included in the COA, the full loan amount (gross dollars) is used as *Estimated Financial Assistance.*

[10] The term, *dependent,* may include elderly or disabled adults (including the student's spouse) as well as children.

FAMILY CONTRIBUTIONS

CSLP Ready Reference

FAMILY CONTRIBUTION. The *Family Contribution(FC)* indicates how much of the financial resources of the student's family should be available to help pay for school. The FC is also known as the *Expected Family Contribution (EFC)*. Factors used to determine the FC may include taxable income, non-taxable income, federal and state taxes, medical/dental expenses, elementary or secondary tuition paid, assets (such as savings, home and business equity), and veterans educational benefits. The number of family members and number in college and even the age of the student or parent are used in the Congressional Methodology (CM) formulas that produce an FC.

CALCULATED FC. A *Calculated FC* assumes a nine-calendar-month *Period of Enrollment*[1] and is the *Family Contribution* produced using CM formulas, for purposes of need analysis as specified in the Higher Education Act of 1965, as amended (HEA), and used under the Title IV student financial assistance Campus-Based and Guaranteed Student Loan programs. The *Calculated FC* is printed at the top of a *Student Aid Report (SAR):*

199X-9X Student Aid Report
Federal Student Aid Programs
Part 1 - Information Summary

PGI: 00555
Calculated FC (Use for 9-Month Periods of Enrollment Only) ⇒ FC: 01388

The U.S. Department of Education considers it reasonable to interpret a 9-month *Period of Enrollment (PE)* as a period of 8 1/2 to 9 1/2 months (all PE's may be rounded upward or downward to the nearest whole month).

ALTERNATE FC. When the PE is not 9 months, it may be necessary to recalculate the FC because the standard *Congressional Methodology (CM)* formulas produce a *Calculated FC* for a 9-month PE. An *Alternate FC* is the FC produced using CM formulas (as specified or implied within the HEA for Dependent Students or Independent Students Without Dependents, respectively, or as suggested for Independent Students With Dependents) for PE's of other than nine months. Modifications to the CM formulas are made as follows:

❶ **DEPENDENT STUDENT.** The adjustment is to the parents' contribution only; there is no adjustment to the dependent student's own contribution. For an enrollment of less than 9 months, the parents' contribution is simply reduced proportionally--1/9 for each month of enrollment less than 9 months; for an enrollment of more than 9 months, the parents' contribution is calculated by adjusting the standard 9-month formula, beginning with the parents' adjusted available income (see the *Congressional Methodology* manual for a worksheet to compute such calculations).[2]

❷ **INDEPENDENT STUDENT WITHOUT DEPENDENTS.** The adjustment for less or more than 9 months enrollment is made by adjusting the following individual data items within the standard 9-month FC formula--veterans educational benefits (VA) and the maintenance allowance. VA benefits are adjusted by multiplying the monthly amount of the benefits by the lesser of the number of months enrolled or months the student reports he or she will receive the benefits. The maintenance allowance in the standard 9-month formula is $600 for 3 months of nonenrollment, or $1800. This allowance is adjusted for other than 9-months enrollment by multiplying $600 by the number of months of nonenrollment. For example, the maintenance allowance is $0 for 12 months enrollment (zero months of nonenrollment) or $2400 for 8 months enrollment (4 months of nonenrollment).

③ **INDEPENDENT STUDENT WITH DEPENDENT(S).** The law does not specify how to calculate an FC for a PE for less or more than 9 months. However, since the basic need analysis formula for an independent student with dependent(s) is similar to that for a dependent student's family, calculating an FC for a period of other than 9 months for an independent student with dependent(s) based on the dependent student model would ensure comparable treatment for the independent student. Hence, for less than 9 months, the FC is reduced proportionally--1/9 for each month of enrollment less than 9 months; for an enrollment of more than 9 months, the FC uses a specific formula (see the *Congressional Methodology* manual for a worksheet to compute such calculations).

Alternate FC's are printed in a row across the bottom of the SAR. If both the simplified and regular formulas are used for CM, the alternate FC's will be printed in two rows, with the top row based on the simplified formula. The top row is labelled **PRIMARY FC**, and the bottom row is labelled **SECONDARY FC**.

MONTHS	1	2	3	4	5	6	7	8	9	10	11	12
PRIMARY FC	00154	00308	00462	00616	00770	00924	01078	01232	01388	01438	01488	01538
SECONDARY FC									⇑			
	⇑	⇑	⇑	⇑	⇑	⇑	⇑	⇑	*Calculated FC*	⇑	⇑	⇑

***Alternate FC's* (Use for Periods of Enrollment Other than 9 Months)**[3]

ADJUSTED FC. An *Adjusted FC* is the calculated FC produced using *Professional Judgment*. Under this provision, specific adjustments can be made to data elements, methodology, or directly to the FC. The reason for adjustments in this respect must relate to an individual student's special circumstance(s) and must be documented in the student's file. Such an adjustment must only be made to an FC that is based on accurate information. An FC that is adjusted by a Financial Aid Administrator does not have to be reprocessed by the processing agency. However, the Financial Aid Administrator must resolve any inconsistent or conflicting information in the student's application before adjusting the FC.

Want to Know More? See:

The Congressional Methodology; "Dear Colleague" letter, GEN-89-43, August 1989; *The Federal Student Financial Aid Handbook;* and a letter dated March 14, 1991, to CSLP from William L. Moran, Director, Student Financial Assistance Programs for the U.S. Department of Education (a copy of the letter may be obtained by calling CSLP: (303) 294-5050 x311.

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[1] A *Period of Enrollment (PE)* may not necessarily correspond to an *Academic Year* or term. In contrast, a *Loan Period* must correspond to a term(s) or an *Academic Year* or portion thereof. Accordingly, the *Loan Period* may not necessarily correspond to the PE. FC's for *Loan Periods* that are less than the PE require prorations or similar handling since the *Calculated FC* and *Alternate FC's* are based upon *Periods of Enrollment* only.

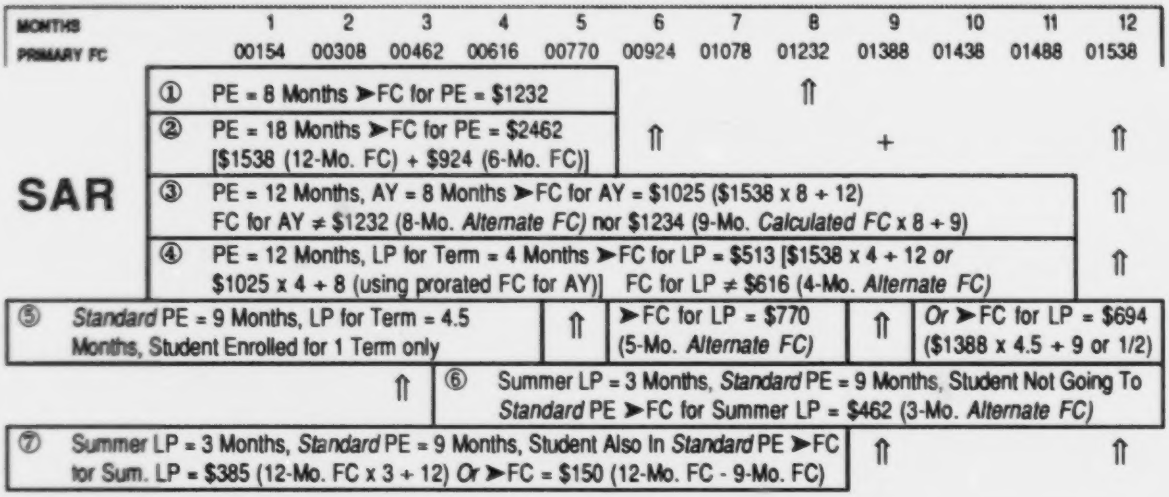
[2] Generally, a school is required to use the standard calculation unless an individual adjustment is made based on *Professional Judgment*. However, other calculations are allowed in certain circumstances. When a dependent student's contribution (SC) is from work earnings that are not from the summer preceding the PE *and* those earnings exceed the mandatory self-help (i.e., $700 for first-time students; $900 for all others), then the school may prorate those earnings based upon the period of enrollment. For example, if the PE is 6 months and the SC from earnings is greater than $700 or $900 as applicable, then the school may prorate the SC by multiplying 6 months and dividing by 9 months (for a SC of $1500, the amount would be $1000). For an independent student without dependents whose contribution is greater than the minimum expected contribution of $1200 from income, the school may use a similar approach to prorate the contribution as indicated for dependent students. However, the contribution may never be less than $1200 except through the use of *Professional Judgment*. In either case, the school *may not* prorate upward (i.e., the FC x 12 months divided by 9 months).

[3] *Periods of Enrollment* that are greater than 12 months have additional requirements.

FC'S, LOAN PERIODS, AND PERIODS OF ENROLLMENT

CSLP Ready Reference

PERIOD OF ENROLLMENT AS THE FOUNDATION FOR ALL FC'S. A *Family Contribution (FC)* is an essential component in certifying a Stafford Loan for a particular *Loan Period* [1] (and awarding Campus-Based and many state programs for a particular *Award Period).* A *Loan Period,* however, may not necessarily correspond to a *Period of Enrollment* [2] which is the basis for the *Calculated FC* and an *Alternate FC.* [3] In analyzing financial aid eligibility, the school must use the FC that corresponds to the length of the *Period of Enrollment (PE)* as required by Congressional Methodology (CM). After determining this FC, prorations or similar handling may be required to determine an FC for a *Loan Period* less than the PE. A school may use a *Standard Period of Enrollment* (i.e., usually 9 months) if applicable or define the period as it pertains to its circumstances (provided it is within the framework indicated in the footnote for PE's).



MONTHS	1	2	3	4	5	6	7	8	9	10	11	12
PRIMARY FC	00154	00308	00462	00616	00770	00924	01078	01232	01388	01438	01488	01538

SAR

① PE = 8 Months ➤FC for PE = $1232

② PE = 18 Months ➤FC for PE = $2462 [$1538 (12-Mo. FC) + $924 (6-Mo. FC)]

③ PE = 12 Months, AY = 8 Months ➤FC for AY = $1025 ($1538 x 8 + 12) FC for AY ≠ $1232 (8-Mo. *Alternate FC)* nor $1234 (9-Mo. *Calculated FC* x 8 + 9)

④ PE = 12 Months, LP for Term = 4 Months ➤FC for LP = $513 [$1538 x 4 + 12 *or* $1025 x 4 + 8 (using prorated FC for AY)] FC for LP ≠ $616 (4-Mo. *Alternate FC)*

⑤ *Standard* PE = 9 Months, LP for Term = 4.5 Months, Student Enrolled for 1 Term only ➤FC for LP = $770 (5-Mo. *Alternate FC)* *Or* ➤FC for LP = $694 ($1388 x 4.5 + 9 or 1/2)

⑥ Summer LP = 3 Months, *Standard* PE = 9 Months, Student Not Going To *Standard* PE ➤FC for Summer LP = $462 (3-Mo. *Alternate FC)*

⑦ Summer LP = 3 Months, *Standard* PE = 9 Months, Student Also In *Standard* PE ➤FC for Sum. LP = $385 (12-Mo. FC x 3 + 12) *Or* ➤FC = $150 (12-Mo. FC - 9-Mo. FC)

CASE STUDY ① PE IS LESS THAN 12 MONTHS: If the PE is less than 12 months, the corresponding FC must be used. For example, if the PE is 8 months, the 8-month *Alternate FC* is required. Prorate this FC to the *Loan Period,* if the *Loan Period* is less than 8 months.

CASE STUDY ② ACTUAL PE IS GREATER THAN 12 MONTHS: If a student is continuously enrolled for more than 12 months, then the school will have to calculate more than one FC. For instance, if a PE is 18 months long, then the school must calculate an FC for 12 months for the first PE and another

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[1] A *Loan Period* has specific beginning and ending dates and must correspond to a *bona fide* term(s), such as a quarter(s), trimester(s), semester(s), or similar division(s), or *Academic Year.* For non-term schools, a *Loan Period* must correspond to the *Academic Year* or length of the program of study if the length is less than an *Academic Year,* or correspond to the remainder of the program of study if the remainder is less than an *Academic Year.* The *Cost of Attendance, Family Contribution,* and *Estimated Financial Assistance* must correspond to the *Loan Period.*

[2] As stated in its basic form relative to need analysis, a *Period of Enrollment* means that period of time over which a student is or is expected to be engaged (enrolled) in a program of study. The period, by definition, would not involve a period of nonenrollment. Plus, by virtue of the relationship to a need analysis which uses a base year of twelve calendar months, the total period of time (i.e., non-enrollment plus enrollment) cannot exceed twelve months. The *Period of Enrollment,* in regard to an FC calculation, can be continuous and involve a division of one or more academic periods within it, such as more than one term or more than one *Academic Year* or portion thereof. Hence, a *Period of Enrollment* may not necessarily correspond to an *Academic Year* or term. It is assumed that the purpose of using this definition is to determine the eligibility of a student to receive assistance under Title IV student financial assistance programs.

[3] The *Calculated FC* is printed at the top of the *Student Aid Report (SAR)* and represents the FC for a 9-month *Period of Enrollment. Alternate FC's* for 1 to 8 and 10 to 12-month *Periods of Enrollment* are printed at the bottom of the SAR.

FC for the remaining 6-month PE (the 6-month FC should be calculated using the subsequent base year if such data is available). A school *may not* calculate other combinations (i.e., a 9-month FC plus another 9-month FC for an 18-month PE). Prorate this FC to the *Loan Period* as necessary.

CASE STUDY ③ PE INCLUDES MORE THAN ONE ACADEMIC YEAR: The school still uses the FC based upon the PE then prorates that FC to the length of the *Academic Year (AY)*. For instance, if the PE is 12 months, but the AY is 8 months long, then the school prorates the 12-month FC by multiplying 12-month FC by 8 and dividing by 12 months (8/12ths). The school *may not* use the 8-month *Alternate FC* or prorate the 9-month *Calculated FC* by 8/9ths.

CASE STUDY ④ LOAN PERIOD FOR TERM LESS THAN AY AND PE: For a loan for a term(s) that is less than an *Academic Year* and the *Period of Enrollment*, and the student is scheduled to attend the whole PE, the school prorates the FC based upon the PE to the term(s). For instance, If the PE is 12 months and the *Loan Period (LP)* for a term is 4 months long, then the school prorates the 12-month FC by 4/12ths. The school *may not* use the 4-month *Alternate FC* or prorate the 9-month *Calculated FC* by 4/9ths. Note: The school may prorate the already-prorated 8-month FC corresponding to the AY for the 4-month term because the results are the same.

CASE STUDY ⑤ LOAN PERIOD FOR STUDENT ATTENDING ONLY PART OF STANDARD PE: For a loan for a student who will attend one term(s) that is less than the *Standard Period of Enrollment*, the school *may* use the *Alternate FC* produced by CM corresponding to the length of the term. For example, if the length of the term is 4 1/2 months, the school may use the 5-month FC produced by CM (4 1/2 rounded up to 5). However, the school *may also* prorate the FC for the *Standard Period of Enrollment*. For example, if the length of the *Standard* PE is 9 months, then the school may multiply the 9-month *Calculated FC* by 4 1/2 and divide by 9 (1/2 of the 9-month FC). The same is permissible if a student drops or transfers after attending a term(s) less than the *Standard* PE. FC's must be divided equally among terms within the PE (i.e, $500 and $500 for each semester in an AY; *not* $300 and $700 for each semester).

CASE STUDY ⑥ SUMMER LOAN PERIOD: For a loan for a student who is going to the summer term *only*, and will not attend (or did not attend) the *Standard* PE (i.e., 9 months), then the school should use the *Alternate FC* that corresponds to the length of the summer term (i.e., the 3-month FC). The school may not prorate the 9-month or 12-month FC's or subtract the 9-month FC from the 12-month FC for a 3-month difference.

CASE STUDY ⑦ SUMMER LOAN PERIOD WITH REGULAR TERMS: If a student is going to the summer term *and* will attend (or did attend) the regular terms for the *Standard* PE (i.e., 9 months), then the school *may* prorate the 12-month FC or subtract the amount of the 9-month FC from the 12-month FC for a 3-month difference (when the *Standard* PE is 9 months, and the summer term is 3 months).

POLICIES AND PROCEDURES. A Financial Aid Administrator (FAA), in establishing policies and procedures, has the authority to develop standards applicable to any phase of the need-analysis process. Standards, in this context, are determined by the school, established as a benchmark against which specific circumstances are compared, and universally applicable to all financial aid applicants or categories of applicants with similar characteristics. These standards are used to develop *Cost of Attendance* amounts to establish allowances for statutorily codified elements, package financial aid awards, and assure equitable treatment for all applicants in calculating the FC. Because standards are based on the FAA's consideration of *all* financial aid applicants (or categories of applicants), determinations based on such standards are not subject to the requirements of *Professional Judgment*. In other words, these determinations are not individual adjustments that must be documented in the student's file.

Want to Know More? See:

The Congressional Methodology; "Dear Colleague" letter, GEN-89-43, August 1989; *The Federal Student Financial Aid Handbook*, and a letter dated March 14, 1991, to CSLP from William L. Moran, Director, Student Financial Assistance Programs for the U.S. Department of Education (a copy of the letter may be obtained by calling CSLP: (303) 294-5050 x311.

ESTIMATED FINANCIAL ASSISTANCE

CSLP Ready Reference

DEFINITION. A school must include most forms of student grants, loans, work, scholarships, and other benefits as *Estimated Financial Assistance* when determining a borrower's eligibility for a Stafford Loan, SLS, or Plus Loan. The regulation provides specific examples:

> **REGULATION:**
> §682.200 DEFINITIONS.
>
> Estimated financial assistance: The estimated amount of assistance that a student has been or will be awarded during the period of enrollment for which the loan is sought from Federal, State, institutional or other scholarship, grant, work, or loan programs, including but not limited to--
>
> (1) Any Social Security benefits paid to, or on account of, the student that would not be paid if he or she were not a student;
> (2) Veterans' educational benefits paid under Chapters 30, 31, 32, 34, and 38 of title 38 of the United States Code;
> (3) Educational benefits paid under Chapters 106 and 107 of title 10 of the United States Code (Selected Reserve Educational Assistance Program);
> (4) Reserve Officer Training Corps (ROTC) scholarships and subsistence allowances awarded under Chapter 2 of title 10 and Chapter 2 of title 37 of the United States Code;
> (5) The estimated amount of other Federal student financial aid, including but not limited to Pell Grants and campus-based aid, which the student would be expected to receive if the student applied, whether or not the student has applied for that aid; and
> (6) [Stafford Loan, SLS, and Plus Loan] proceeds withheld by the lender and applied towards an origination fee or insurance premium, if these costs are included in computing the borrower's estimated cost of attendance.

"RESOURCES" VS. "ESTIMATED FINANCIAL ASSISTANCE". While the GSL Programs use the concept of *Estimated Financial Assistance* when determining a borrower's eligibility for a Stafford Loan, SLS, or Plus Loan, the regulations for the Campus-Based Programs specifically require the school to take into account any *Resources* [1] available to the student when awarding funds from those programs. Though these two concepts are similar, there are also significant differences. Some of these differences are based on the wording in the law, and some are the result of program differences, for instance, the concept that one must apply for other federal aid first before incurring a loan obligation under a Stafford Loan or SLS. Still other differences arise where the law and regulations are more specific (such as the definition of ROTC scholarships and veterans benefits for *Estimated Financial Assistance (EFA)*.

For the GSL Programs, the school must use the estimated amount that a student would receive from the Pell Grant, Campus-Based and other federal and non-federal scholarships, grants, loans, and need-based work programs, whether or not the student applies for aid from those programs, when determining the EFA. In contrast, when determining the student's *Resources* for Campus-Based programs, the school must only use estimated eligibility for Pell Grants, but use actual aid awarded for the other types of aid.

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[1] The term, *Resource,* as used for the Campus-Based Programs is different in meaning than the same term used in the *Independent Student* definition. In either case, *Resource* is distinct in meaning from *Family Contribution.*

CAMPUS-BASED PROGRAMS' *RESOURCES* Includes (but is not limited to[2])--	GSL PROGRAMS' *ESTIMATED FINANCIAL ASSISTANCE* Includes (but is not limited to[2])--
Federal Aid	
Pell Grant eligibility,[3] Stafford Loan funds, and any need-based ICL Campus-Based aid: SEOG, Perkins/Direct, CWS--deductions for taxes and job-related costs are added to the *Cost of Attendance (COA)* Veterans benefits	Pell Grant and Campus-Based eligibility, and other federal student aid,[3] including: ➡ Social Security educational benefits ➡ Selected Reserve Educational Assistance Program benefits (Chapters 106 and 107 of Title 10) ➡ Veterans educational benefits
School & Private Aid	
School and other scholarship and grant aid, including: ➡ Athletic and ROTC scholarships ➡ ROTC subsistence allowance ➡ Fellowships and assistantships ➡ Waiver of tuition and fees	School or other scholarships, grant, loan, or need-based work programs (including ROTC scholarships and subsistence allowances under Chapter 2 of Title 10 and Chapter 2 of Title 37, U.S.C.)
Net earnings from need-based employment[4]	Need-based earnings[4]
School loans (long-term)	School loans and loans from state and other loan programs
Other	
Insurance programs for the student's education	Origination Fee and Insurance Premium (Guarantee Fee) for Stafford Loan, SLS, and Plus Loan if such fees are included in the student's COA.

FC SUBSTITUTION/REPLACEMENT AND EFA. SLS's, Plus Loans, Income Contingent Loans (ICL's), state, and private education loans may *substitute* for (or *replace)* the *Family Contribution (FC)* for the Campus-Based Programs and Stafford Loans. Thus, these loan funds would not be considered to be EFA or a *Resource,* unless the amount of such loans exceeds the FC. In such a case, only the portion that exceeds the FC is counted as EFA or as a *Resource.*

DOUBLE-COUNTING. The school should be careful not to "double-count" amounts as EFA or a *Resource* that have already been used in the *Congressional Methodology* formula to calculate the FC. This problem is only likely to occur with veterans benefits since the federal and MDE applications exclude other forms of student financial assistance.

Want to Know More? See:

The Federal Student Financial Aid Handbook and *Title 34 of the Code of Federal Regulations* §674.14, §675.14, §675.25, §676.14, and §682.200.

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[2] The definitions list *examples* of *Resources* and EFA. Forms of aid that are not specifically mentioned on these lists are not automatically excluded from consideration. Thus, even though *Estimated Financial Assistance* does not specifically mention need-based ICL funds, or insurance programs for the student's education, these forms of aid are included in the definition.

[3] Use the estimated amount the student would receive, whether or not the student applied for the aid.

[4] Non-need-based earnings are not required to be included as a *Resource* or as EFA.

VETERANS EDUCATIONAL BENEFITS

CSLP Ready Reference

Depending on the formula used for the Congressional Methodology (CM), benefits under the Dependents Educational Assistance Program or Veterans Contributory Benefits (VEAP) may or may not be included in the *Expected Family Contribution (EFC or FC).* The following table distinguishes when part or all of these veterans educational benefits (VA benefits) are to be counted as FC or as *Estimated Financial Assistance.* Please note that VA benefits under different programs (i.e., Montgomery Bill and Selected Reserve Education Benefit) are always included as *Estimated Financial Assistance.*

EXPECTED FAMILY CONTRIBUTION VS. ESTIMATED FINANCIAL ASSISTANCE

Congressional Methodology Formula	Dependent Student	Independent Student without Dependents	Independent Student with Dependents
Simplified	100% VA is included as *Estimated Financial Assistance*	100% VA is included as *Estimated Financial Assistance*	100% VA is included as *Estimated Financial Assistance*
Regular, Dislocated Worker, and Displaced Homemaker	***Stafford Loan and Plus Loan (or SLS):*** 100% VA is included as *Estimated Financial Assistance*	***Stafford Loan:*** 100% VA is included in the *Expected Family Contribution* ***SLS:*** 100% VA is included as *Estimated Financial Assistance*	***Stafford Loan:*** 22% VA is included in the *Expected Family Contribution* 78% VA is included as *Estimated Financial Assistance** ***SLS:*** 100% VA is included as *Estimated Financial Assistance*

*If there is more that one in college, then use the following formula to determine the amount applicable as *Estimated Financial Assistance (EFA)* for the Stafford Loan: Total \$ VA x (1 - .22/# in college) = EFA.

If the VA benefits are removed from the FC, then the benefits must be included as *Estimated Financial Assistance* for the Stafford Loan. VA benefits must be removed from the FC (if included) and used as *Estimated Financial Assistance* for the SLS; accordingly, no portion of the FC which is attributable to the VA benefits may be replaced/substituted with an SLS.

Congressional Methodology requires a recalculation of VA benefits for independent students for periods of enrollment which are other than 9 months. The formula used is:

\$ Amount of VA Benefits Per Month x Lesser of # Months Enrolled or # Months Reported = Total Adjusted VA Benefits

VA benefits are treated the same for campus-based aid and the Guaranteed Student Loan Programs.

VETERANS EDUCATIONAL BENEFITS AT A GLANCE

Title/Chapter	Basic Eligibility	Months of Entitlement	Monthly Benefit Amount
1. Regular GI Bill (Chapter 34)	Ended 12/31/89		
2. Vocational Rehabilitation for Disabled Veterans (Chapter 31)	Vet needs a 10% VA disability or more to apply Time Limit: Usually to 12 years from the date of disability	As many as 48 months of entitlement	Full - $333 3/4 - $250 1/2 - $167 Plus dependent amounts, tuition, fees, books, supplies
3. Veterans Education Assistance Program VEAP (Chapter 32)	A voluntary contributory program for persons in service from 01/01/77 to 06/30/85 Time Limit: 10 years from the date of discharge	Depends on number of months Vet contributed	The amount of benefit depends on amount of money Vet contributed.
4. Survivors and Dependents Educational Assistance (Chapter 35)	For spouses and children of 100% service connected disabled Vets or spouses/children of Veterans who died in service Time Limit: For spouse, 10 years from the date of Vet's 100% disability of death; for dependents, 8 years not to exceed age 31	45 months of entitlement	Full - $404 3/4 - $304 1/2 - $202
5. The ALL Volunteer Force Educational Assistance Program "Montgomery GI Bill" (Chapter 30)	Service after 07/01/85, serves 3 or 2 years of continuous active duty, meets GED/High School diploma requirements, contributes $100/mo for first 12 months of service Time Limit: 10 years from the date of release from Active Duty	Accrues at the rate of 1 month for each month of Active Duty up to a maximum of 36 months	Less than 3-Years: Full - $275 3/4 - $206.25 1/2 - $137.50 At least 3-Years: Full - $350 3/4 - $262.50 1/2 - $175
6. Selected Reserve Education Benefit (Chapter 106)	'Enlists or re-enlists for 6 or more years in the Selected Reserves after 07/01/85, meets GED/High School diploma requirements, completed initial Active duty for training Time Limit: 10 years from the date of eligibility	Maximum of 36 months of full-time training or its equivalent in part-time training	Full - $170 3/4 - $128 1/2 - $ 85
7. Combination (Chapters 34 and 30)	Had remaining eligibility under Chapter 34 on 12/31/89 and served on Active Duty continuously after 6/30/85 for 3 years or for 2 years with 4 years in reserves	Consult VA	Full - $538 3/4 - $404 1/2 - $269 Plus dependent amounts

Want to Know More? See:

Title 34 of the Code of Federal Regulations, §682.200: "Definition of Estimated Financial Assistance," *The Federal Student Financial Aid Handbook,The Congressional Methodology*, and brochures prepared by the Veterans Administration.

PROFESSIONAL JUDGMENT
CSLP Ready Reference

CONCEPT. *Professional Judgment* is not specifically defined in statute or regulations. Rather, the concept is based upon different laws that give a Financial Aid Administrator the authority to make adjustments to the standard need-analysis processes and determinations of eligibility for financial assistance. The concept further employs the idea that the administrator is the professional in the best position to review special circumstances of an individual student and his or her family when usual processes do not address the needs of the student. The exercise of *Professional Judgment* requires documentation in the student's file and, in some circumstances, notification to the student. Each decision must be made on a case-by-case basis.

STANDARDS VS PROFESSIONAL JUDGMENT. The need-analysis process includes the awarding of aid, based on the difference between the *Cost of Attendance (COA)* and the *Family Contribution (FC)*--also taking into account *Resources* for Campus-Based aid and *Estimated Financial Assistance* for GSL Programs. A financial aid administrator, in establishing institutional policies and procedures, has the authority to develop standards applicable to any phase of the need analysis process. Standards, in this context are:

- determined by the institution,
- established as a benchmark against which specific circumstances are compared,
- universally applicable to all financial aid applicants or categories of applicants with similar characteristics.

These standards are used to:

- develop *Cost of Attendance* amounts to establish allowances for statutorily codified elements,
- package financial aid awards, and
- assure equitable treatment for all applicants in calculating the *Family Contribution.*

Because standards are based on the Financial Aid Administrator's consideration of all financial aid applicants or categories of applicants with similar characteristics, determination based on such standards are not subject to the requirements of *Professional Judgment*.. In other words, these determinations are not individual adjustments that must be documented in the student's file.

The Financial Aid Administrator has the authority to make *Professional Judgment* decisions for the following:

LOAN CERTIFICATION. The school may refuse to certify an otherwise eligible borrower's loan application, or may certify a loan for an amount that is less than what the student would be otherwise eligible for, if the reason for such action is documented and provided to the student in writing. This includes the authority to refuse to certify a loan application based on the institution's belief that the student is unwilling to repay the intended loan. The school's determinations must be made on a case-by-case basis, and documentation supporting an individual determination must be retained in the student's file. The Secretary of the U.S. Department of Education expects that this authority, which has been long-sought by institutions in order to prevent unnecessary borrowing and defaults, will be used judiciously. The Department is not providing lists of "acceptable" and "unacceptable" uses of this authority because to do so would undermine the basic concept of *Professional Judgment*. The Secretary believes that the institution is in the best position to make these decisions. In using this authority, the institution assumes responsibility for explaining to the student (in writing), the reasons for withholding certification or for reducing the loan amount. This authority does not authorize the institution to discriminate against the borrower on the basis of factors, the consideration of which, are already prohibited by law.

DEPENDENCY STATUS. A Financial Aid Administrator may use *Professional Judgment* to make a student independent even though the student does not meet the usual criteria for independent status if the administrator has sufficient reason to do so and documents the reason in the student's folder. Such decisions are known as dependency overrides.[1]

COST OF ATTENDANCE. The Financial Aid Administrator has the authority to use *Professional Judgment* to adjust the COA on a case-by-case basis to allow for special circumstances. Such adjustments must be documented in the student's file. For example, if a school uses average tuition and fee charges, but has individual students whose tuition and fees vary greatly from the average, the school may exercise *Professional Judgment* to use actual charges for those students. However, a standard accommodation of living expenses for a category of students during periods of non-enrollment is not permissible. Likewise, *Professional Judgment* may not be used to include the cost of a professional licensing exam in the COA because these costs are clearly costs related only to post-enrollment activity rather than costs related to completing the student's program of study at the school.

FAMILY CONTRIBUTION. *Professional Judgment* may be used to adjust the FC. Under this provision, specific adjustments can be made to data elements, methodology, or directly to the FC. The reason for adjustments in this respect must relate to an individual student's special circumstance(s) and must be documented in the student's file. Such an adjustment must only be made to an FC that is based on accurate information. An FC that is adjusted by a Financial Aid Administrator does not have to be reprocessed by the processing agency. However, the Financial Aid Administrator must resolve any inconsistent or conflicting information in the student's application before adjusting the FC.

SPECIAL CONDITIONS. *Special Conditions* are specific situations, defined by the U.S. Department of Education, that involve a significant reduction in family income from loss of employment or benefits, separation or divorce, or the death of a wage-earning family member. These special conditions are described each year in *Congressional Methodology* and *The Federal Student Financial Aid Handbook* (federal manuals). The formula for a special condition substitutes expected-year[2] income for base-year income; however, the administrator must use his or her *Professional Judgment* to decide to use this FC.

PELL GRANTS. The Financial Aid Administrator may not currently adjust a student's *Pell Grant Index* in determining a student's eligibility for a Pell Grant. However, if the student meets the criteria for a *Special Condition,* the administrator may use the procedures identified in *The Federal Student Financial Aid Handbook* for processing an application based upon expected-year income; see specifically directions on the correction *Application for Federal Student Aid.*

Want to Know More? See:

The Federal Student Financial Aid Handbook; Congressional Methodology; Public Law: 102-26, April 9, 1991; "Dear Colleague" letters: GEN-89-43, August 1989; GEN-90-41, December 1990; and GEN-91-19, June 1991; and the *Higher Education Act of 1965* §428(1)(2)(F) and §479A.

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[1] Overrides to make a student dependent are explained in *The Federal Student Financial Aid Handbook.*

[2] *Expected year* refers to the first calendar year of the award year (i.e., 1992 for the 1992-93 award year) for the Pell Grant program. For other Title IV programs, an *expected year* may also be based upon the number of months in the *Period of Enrollment* and months of non-enrollment immediately preceding enrollment for a total of 12 months. *Base year* refers to the most recently completed calendar year preceding the award year (i.e., 1991 for 1992-93).

FINANCIAL AID WORKSHEET

CSLP Ready Reference

School		Program	Start Date
Student Name	SSN	☐ Original ☐ Revision	Anticipated Grad. Date
Loan Period (and Award Period) Begin Date	Loan Period End Date	Months in Loan Period LP	Months in Period of Enrollment PE

COST OF ATTENDANCE (COA)

Tuition & Fees (Omit here if school charges are front loaded and LP < PE.) $

Book & Supplies $

Room and Board, Personal Expenses, and Transportation $ /mo x PE▶ mos = $

☐ Living with Parent's No Dependents ☐ Institution Housing, No Dependents ☐ All Other Students

Individualized Transportation $ /mo x PE▶ mos = $

Medical Expenses $ /mo x PE▶ mos = $

Child Care $ /mo x PE▶ mos = $

GSL Fees (Omit here if LP < PE.) $

Other: $ /mo x PE▶ mos = $

Total $ COA

FAMILY CONTRIBUTION (FC) If PE is 12 months or less, enter FC that corresponds to PE. $ FC

COA AND FC IF THE LOAN PERIOD IS LESS THAN THE PERIOD OF ENROLLMENT

COA x LP ÷ PE ▶ $ +Tuition/Fees if front load $ +GSL Fees $ = $ *COA*

FC x LP ÷ PE ▶ $ *FC*

COMMENTS (INCLUDING PROFESSIONAL JUDGEMENT DECISIONS)

FINANCIAL AID FOR LOAN PERIOD

Pell Grant (FY)	$
Pell Grant (FY)	$
SEOG	$
Perkins	$
CWS	$
VA Not in FC	$
Other:	$
Other:	$
Other:	$
Stafford Loan	$
SLS/Plus Loan	$
Total Financial Aid	$
UNMET NEED	$

School Official's Signature	Date

DIRECTIONS: This *Financial Aid Worksheet* is designed for a *Period of Enrollment* (or *Standard Period of Enrollment)* that is less than or equal to 12 months. Separate worksheets are required for each *Loan Period.* If the *Period of Enrollment* is greater than 12 months, see next worksheet. Be sure to document *Professional Judgment* decisions.

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School		Program	Start Date
Student Name	SSN	☐ Original ☐ Revision	Anticipated Grad. Date
		MONTHS IN PERIOD OF ENROLLMENT (PE)	PE

COST OF ATTENDANCE (COA)FOR PERIOD OF ENROLLMENT

Tuition & Fees (Omit here if school charges are front loaded.)					$
Book & Supplies					$
Room and Board, Personal Expenses, and Transportation	$ /mo	x PE ▸	mos	=	$
☐ Living with Parent's No Dependents ☐ Institution Housing, No Dependents ☐ All Other Students					
Individualized Transportation	$ /mo	x PE ▸	mos	=	$
Medical Expenses	$ /mo	x PE ▸	mos	=	$
Child Care	$ /mo	x PE ▸	mos	=	$
Other:	$ /mo	x PE ▸	mos	=	$
				Total	$ COA

FAMILY CONTRIBUTION (FC) FOR PERIOD OF ENROLLMENT If PE is 12 months or less, enter FC that corresponds to PE.

If PE > 12, Enter 12-Month Alternate FC as FC_1 ▸	12 mos	=	$ FC_1	If PE > 12 months, add
If PE > 12 & ≤ 24, PE - 12 = months for FC_2* (Enter FC_2) ▸	mos	=	$ FC_2	FC's together for FC
If PE > 24 & ≤ 36, PE - 24 = FC_3* mos (FC_2 = 12 mos) ▸	mos	=	$ FC_3	that corresponds to PE.
If PE > 36 & ≤ 48, PE - 36 = FC_4*mos (FC_2, FC_3 = 12 mos) ▸	mos	=	$ FC_4	$ FC

COST OF ATTENDANCE AND FAMILY CONTRIBUTION FOR LOAN PERIODS (AND AWARD PERIODS)

Begin Date 1st Loan Period End Date		Begin Date 2nd Loan Period End Date		Begin Date 3rd Loan Period End Date	
to		to		to	
Number of Months:	1LP	Number of Months:	2LP	Number of Months:	3LP
COA x 1LP ÷ PE ▸	$	COA x 2LP ÷ PE ▸	$	COA x 3LP ÷ PE ▸	$
+Tui/Fees if omitted above	$				
+ GSL Fees	$	+ GSL Fees	$	+ GSL Fees	$
=Total COA for 1LP	$ 1COA	=Total COA for 2LP	$ 2COA	=Total COA for 3LP	$ 3COA
FC x 1LP ÷ PE ▸	$ 1FC	FC x 2LP ÷ PE ▸	$ 2FC	FC x 3LP ÷ PE ▸	$ 3FC

FINANCIAL AID FOR LOAN PERIODS

Pell Grant (FY)	$	Pell Grant (FY)	$	Pell Grant (FY)	$
Pell Grant (FY)	$	Pell Grant (FY)	$	Pell Grant (FY)	$
SEOG	$	SEOG	$	SEOG	$
Perkins	$	Perkins	$	Perkins	$
CWS	$	CWS	$	CWS	$
VA Not in FC	$	VA Not in FC	$	VA Not in FC	$
Other:	$	Other:	$	Other:	$
Stafford Loan	$	Stafford Loan	$	Stafford Loan	$
SLS/Plus Loan	$	SLS/Plus Loan	$	SLS/Plus Loan	$
Total Financial Aid	$	Total Financial Aid	$	Total Financial Aid	$
UNMET NEED	$	UNMET NEED	$	UNMET NEED	$

School Official's Signature	Date

*Use FC for next *Award Year* if information is available. Update COA's and FC's for subsequent *Loan Periods* as applicable.

VERIFICATION

CSLP Ready Reference

VERIFYING DATA. Verification is the process a school uses to check the accuracy of information on a financial aid application. For selected applications, the school must obtain IRS Tax Returns, statements, and/or other documentation from the applicant and compare specific data items on the *Student Aid Report (SAR)* and/or other output document with identical data items on the tax return and other required forms. If a data item on an application is incorrect and not within tolerance ranges,[1] the application must be corrected and reprocessed as necessary.

SELECTION FOR VERIFICATION. Applications are selected for verification by computer edits (or by the school). The U.S. Department of Education develops these verification edits and approves the Central Processor, Multiple Data Entry (MDE) processors (i.e., ACT, CSS), and other Need Analysis Servicers (NAS's; i.e., software venders) which use these edits to identify applications with the greatest likelihood of error. The SAR uses an asterisk(*) by the *Pell Grant Index (PGI)* and/or *Family Contribution (FC)* to flag applications for verification. The MDE's and NAS's may use other codes. A school is required to verify all applications selected by the edits or not processed through the edits up to a limit of 30% of its total applicants for any type of Title IV assistance.[2]

PGI: 00555*
FC: 01388*

SUMMARY OF EXCLUSIONS: Verification is not required if the applicant: 1) dies, 2) is incarcerated, 3) is a recent immigrant--i.e., arrived in the U.S. during 1992 or 1993 for 1992-93, 4) has a spouse and/or parents who is deceased, incapacitated, residing outside the U.S. and cannot be contacted by normal means of communication, or cannot be located because the address is unknown and not obtainable by the applicant--the applicant must still verify his or her data, 5) completed verification elsewhere--special requirements apply, 6) is a resident of certain Pacific islands, 7) is selected after 30% of the applications have been verified, and 8) does not receive financial aid--i.e., the student dropped prior to receipt of aid. If the school has documentation that conflicts with data reported on the application, or if the school has reason to believe that the information is incorrect, the exclusions do not apply--unless an applicant dies during the award year or before the verification deadline.

APPLICABLE FINANCIAL AID PROGRAMS. Verification applies to Pell Grants, Campus-Based programs, Income Contingent Loans (ICL's), and Stafford Loans. Verification does not apply to Stafford Loans at foreign schools, SLS's, Plus Loans, and State Student Incentive Grants (unless federal funds are included--*Colorado Student Incentive Grants* contain federal funds).

STAFFORD LOAN. If there is no conflicting data, the school may certify a Stafford Loan but not process the check (or *Electronic Funds Transfer)* until verification is completed. However, if verification is incomplete as of the 45th day after receiving a check, the school must return the check to the lender.

POLICIES AND PROCEDURES. A school must establish and use written policies and procedures for verification that include: 1) the time period within which an applicant must provide documentation, 2) the consequences for failing to provide required documentation before the deadline, 3) how the school notifies an applicant of the results if verification changes the FC and causes a change in the applicant's award of loan, 4) the procedures the institution requires an applicant to follow to correct application information determined to be in error, and 5) the procedures for making referrals for suspected fraud and criminal activity. The school's procedures must provide that it shall furnish, in a timely manner, to each applicant selected for verification a clear explanation of: 1) the documentation needed to satisfy the verification requirements and 2) the applicant's responsibilities with respect to the verification of application information, including the deadlines for completing any actions required for verification and the consequences of failing to complete any required action.

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[1] See the *Verification Guide* and regulations for tolerance ranges and other verification criteria.

[2] Documentation of 30% verification is required if the school does not verify all selected applications (i.e., a list of all applicants and those verified on specific dates). A school may choose to verify more than 30%.

ITEMS TO BE VERIFIED FOR BASE YEAR [3]	ACCEPTABLE DOCUMENTATION [4]
➡ Tax Filers: Adjusted Gross Income (AGI) U.S. Income Tax Untaxed Payments to IRA and/or Keogh Plans Interest on Tax-free Bonds Foreign Income Exclusion Earned Income Credit	✔ Copy of IRS Tax Returns: 1040, 1040A, 1040EZ, 1040X[5] ✔ IRS Letter 1722 (Tax Listing) ✔ Copy of tax return for Puerto Rico, U.S. commonwealth or territory, or foreign country ✔ Also W2's if a joint return was filed, but the individual is now widowed, separated, or divorced
➡ Non-Tax Filers: Income Earned from Work Untaxed Payments to IRA and/or Keogh Plans Interest on Tax-free Bond Foreign Income Exclusion Earned Income Credit	✔ Statement that he or she has not filed and is not required to file an income tax return with the sources and amounts of income earned from work and these untaxed incomes as stated on the application
➡ All other untaxed income subject to U.S. income tax reporting in the base year which is included on the tax return form excluding information contained on schedules appended to such forms.	✔ Not specified in Regulations (However, above documentation for tax filers and non-tax filers is recommended.)
➡ Social Security Benefits (If a SAR requires verification)[6]	✔ Social Security Administration (SSA) document showing benefits
➡ Child Support (If the school has reason to believe that Child Support was received)	✔ Statement certifying the amount[7]
ITEMS TO BE VERIFIED FOR AWARD YEAR	
➡ Number of Family Members in the Household(s) ➡ Numbers of Family Members Attending Postsecondary Educational Institutions as At Least Half-Time Students	✔ Statement listing the name, age, relationship of each household member to the applicant, and, as applicable, the name of the postsecondary school a family member attends or will attend at least half-time[8]

Want to Know More? See:

Title 34 of the Code of Federal Regulations, §668.51-61, published December 2, 1991, effective for the 1992-93 award year. Also see *The Verification Guide* and "Dear Colleague" letters GEN-90-21, May 1990, and GEN-91-16, April 1991.

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[3] This list contains the minimum required items for verification beginning with the 1992-93 award year. A school may choose to verify other items not listed here and require any documentation that the school deems reasonable. The *base year* is the calender year most recently completed preceding the award year (i.e., 1991 for 1992-93).

[4] IRS Tax Returns must be signed by the applicant, spouse, and parents as applicable (one signature is acceptable for a joint return) or be signed or stamped by the tax preparer. Statements must be signed by the applicant, spouse, and parents as applicable. See the the *Verification Guide* and regulations for specific signatory requirements.

[5] See the *Verification Guide* and regulations when an individual has filed for an extension with the IRS, or the tax returns, W2's, and IRS Letter 1722 cannot be obtained.

[6] If there is no SAR and the school has reason to believe that benefits were received or reported incorrectly, then the school must require an SSA document showing the benefits or a statement certifying that the amount is correct.

[7] If the school has reason to believe information is inaccurate, then the school must require documentation such as the separation agreement or divorce decree showing the amount, a statement from the parent providing the child support showing the amount, or copies of child support checks or money order receipts.

[8] Verification of household size(s) and the number in college is not required if the school received a SAR or other output document within 90 days of the date the application was signed or in cases where the minimum number in the family or college applies. Additional documentation is required if the school has reason to believe that the number in college is inaccurate.

CONFLICTING DATA

CSLP Ready Reference

IDENTIFYING AND RESOLVING CONFLICTING DATA. A school must have an adequate system[1] to verify the consistency of the information it receives from different sources with respect to a student's application for financial aid under Title IV programs:

> **REGULATION:**
> §668.14 STANDARDS OF ADMINISTRATIVE CAPABILITY.
>
> To begin and to continue participation in any Title IV, HEA program, an institution shall demonstrate to the Secretary that it is capable of adequately administering that program under the standards established in this section. Except as provided in §668.15, the Secretary considers an institution to have that administrative capability if it establishes and maintains student and financial records required under §668.23 and the individual Title IV, HEA program regulations and if it--
>
> ... (f) Develops and applies an adequate system to identify and resolve discrepancies in the information it receives from different sources with respect to a student's application for financial aid under Title IV, HEA programs. In determining whether the institution system is adequate, the Secretary considers whether the institution obtains and reviews--
>
> (1) All student aid applications, need analysis documents, Statements of Educational Purposes, Statements of Registration Status, and eligibility notification documents presented by or on behalf of each applicant;
>
> (2) Any documents, including any copies of State and Federal income tax returns, that are normally collected by the institution to verify information received from the student or other sources; and
>
> (3) Any other information normally available to the institution regarding a student's citizenship, previous educational experience, or other factors relating to the student's eligibility for Title IV, HEA program funds

This means, for example, if the tax return is submitted for any reason, the school is responsible for reconciling that data with the applicant's reported data. This type of data reconciliation instigated by conflicting information is different from verification undertaken on the basis of the U.S. Department of Education's selection and must be performed regardless of whether the applicant has been selected for verification. Instances of data reconciliation do not count towards the 30% required verification ceiling.

EXAMPLES OF CONFLICTING DATA:

STUDENT AID REPORT (SAR) AND/OR OUTPUT DOCUMENT HAS:				BUT IRS TAX RETURN[2] (OR W2) HAS:
Adjusted Gross Income (AGI)	$8000	≠	$8995	Adjusted Gross Income (AGI)--Form 1040--line 31, 1040A--line 16, or 1040EZ--line 3
U.S Income Tax Paid	$1500	≠	$491	U.S. Income Tax Paid--Form 1040--line 46, 1040A--line 25, or 1040EZ--line 7
Income Earned from Work	-0-	≠	$5234	On a W2 Form

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[1] The methods used as an *adequate system* are not proscribed other than what is indicated in the regulation.

[2] Line numbers are based upon 1991 IRS Tax Returns. If the tax filer or preparer did not carry down the AGI, tax, or other item to the correct line number on the tax return, the school must still use the correct information for the line number.

Other Untaxed Income	-0-	≠	$2000	Deductible IRA and/or Keogh payment from Form 1040--total of lines 24a, 24b, and 27 or 1040A--line 15c
Other Untaxed Income	-0-	≠	$894	Earned Income Credit[3] from Form 1040--line 56 or 1040A--line 28c
Other Untaxed Income	-0-	≠	$400	Untaxed portions of pensions from Form 1040--line 16a minus 16b and 17a minus 17b or 1040A--line 10a minus 10b and 11a minus 11b (excluding "rollovers")
Other Untaxed Income	-0-	≠	$642	Credit for Federal tax on special fuels from IRS Form 4136--Part III: Total Income Tax Credit
Other Untaxed Income	-0-	≠	$7231	Foreign income exclusion from Form 2555--line 39
Other Untaxed Income	-0-	≠	$233	Tax exempt interest income from Form 1040--line 8b or 1040A--line 8b

SAMPLE RESOLUTION: The student corrects the SAR and other output document, and the school performs a new need analysis. Reprocess the SAR if required.

STUDENT AID REPORT (SAR) HAS:			**BUT SCHOOL FINANCIAL AID APPLICATION HAS**
ADC or AFDC of	$2000	≠	AFDC at $280/mo for 12 months for same year

SAMPLE RESOLUTION: Since $280 x 12 = $3360, the school requires the student to submit documentation from Social Services on the amount of AFDC. If necessary, the student corrects the SAR, and the school performs a new need analysis. Reprocess the SAR if required.

SCHOOL FINANCIAL AID APPLICATION HAS		**BUT SCHOOL ADMISSIONS APPLICATION HAS**
Student as high school graduate	≠	Student without a high school diploma

SAMPLE RESOLUTION: The student corrects the financial aid or admissions application. If necessary, the school administers an ability-to-benefit test or does not admit the student.

SCHOOL FINANCIAL AID APPLICATION HAS		**BUT SCHOOL ADMISSIONS APPLICATION HAS**
zero or blank prior postsecondary schools	≠	Other colleges, trade or technical, postsecondary schools attended by the student
		BUT THE FINANCIAL AID TRANSCRIPT HAS
one prior postsecondary school	≠	Other colleges attended by the student

SAMPLE RESOLUTION: The school obtains any missing *Financial Aid Transcripts*.

APPLICATION FOR FEDERAL STUDENT AID (AFSA) HAS			**BUT THE VERIFICATION WORKSHEET HAS**
Number of Family Members at	3	≠	Two names listed including the student

SAMPLE RESOLUTION: The student corrects the AFSA or *Verification Worksheet*, or the school uses the worksheet as the correct information and performs a new need analysis--if the student is eligible for a Pell Grant, reprocess the SAR.

Want to Know More? See:

The Federal Student Financial Aid Handbook, Verification Guide, and *Title 34 of the Code of Federal Regulations* §668.14(f).

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[3] *Earned Income Credit* and other untaxed income on a tax return are common errors that produce conflicting data.

FINANCIAL AID TRANSCRIPTS

CSLP Ready Reference

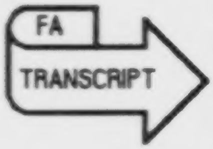
When a student has attended other postsecondary institutions, the new school must receive a *Financial Aid Transcript* from the previous school(s) before it delivers Stafford Loan or SLS proceeds or before it certifies a Plus Loan. As exceptions, *Financial Aid Transcripts* from foreign schools or closed schools are not required; however, for a closed school, the school should check with the ED regional office to see if the office has access to the closed school's records.

FA
TRANSCRIPT

The information on the *Financial Aid Transcript* is used to prevent overawards of aggregate or annual limits for the Title IV programs as well as to prevent a student from receiving additional funds if he or she is in default or owes a repayment on a Title IV loan or grant.

The current school must determine if a student who applies for aid from the Title IV programs previously attended other eligible schools. The preamble to the December 1, 1987 *General Provisions* states that the school must make an "active effort" to find out if the student previously attended other schools. For instance, most schools routinely ask prospective students to state their previous academic experience, either in the course of an admissions interview, or on the school's application. The financial aid administrator is responsible for ensuring the "consistency of information" at the school regarding a student's eligibility, and therefore must have a system to exchange such information with the admissions office.

If the school discovers that the student did attend another eligible school, it must obtain a financial aid transcript from that school(s). The *Financial Aid Transcript* must be sent directly from the previous school to the current school (not to the student). The student may request that a transcript be sent, or the current school may make the request. In either case, the current school must document that a written request was made.



For the Stafford Loan and SLS programs, the school may certify the loan application for the student after requesting the transcript, but it may not release the proceeds from the loan until after the transcript is received. If the school does elect to certify a Stafford Loan or SLS application and then receives a *Financial Aid Transcript* that shows the student to be ineligible for payment, the school must return the loan proceeds to the lender. In addition, please remember that the school may not hold the loan proceeds for more than 45 days--if the *Financial Aid Transcript(s)* still has not arrived at the end of the 45 days, the school must return the loan proceeds to the lender.

Because Plus Loan proceeds are sent directly from the lender to the parent who has borrowed the loan, the school may not certify a Plus application until it has received the *Financial Aid Transcript(s).*

When a school receives a request for a *Financial Aid Transcript*, it must promptly provide the requested information on the transcript or notify the school that the records for the information are no longer required or that the student did not receive aid. However, the school must always provide information on previous postsecondary schools that it knows the student attended even if other information will not be provided. If the information on the *Financial Aid Transcript* indicates that the student attended a postsecondary school(s) previously unknown to the school, the school must request a *Financial Aid Transcript* from the additional school(s).

The regulations do not allow a school to withhold a *Financial Aid Transcript* for a student who owes a non-Title IV debt to the school (such as unpaid tuition and fees, or a library fine or parking fine). However, academic transcripts may be withheld in accordance with the applicable state laws.

A *Financial Aid Transcript* must be signed but does not need to be certified. A valid transcript is one signed by the person the school authorizes to sign *Financial Aid Transcripts* and other financial aid documents. Using a signature stamp to validate transcripts is also acceptable if the stamp's use is restricted to specific financial aid personnel. In either case, a school is liable for any inaccurate information provided.

FA TRANSCRIPT

For the Stafford Loan, SLS, and Plus Loan programs and upon receipt of a required financial aid transcript, the school must:

- determine if more *Financial Aid Transcripts* are required by reviewing the previous schools that may be indicated on the *Financial Aid Transcript*,
- determine if the student owes a repayment or is in default on a Title IV grant or loan according to the previous school's records,
- review the previous loan periods and amounts for possible limitations on aggregate or annual loan limits (or academic year limitations),
- resolve any inconsistent information the *Financial Aid Transcript* provides with any other information provided by or about the student or borrower from other sources,
- make sure the *Financial Aid Transcript* is signed, and
- maintain the *Financial Aid Transcript* or record that the *Financial Aid Transcript* information is not required in accordance with federal regulations.

Want to Know More? See:

The Federal Student Financial Aid Handbook and *Title 34 of the Code of Federal Regulations* §668.19, §668.14(f)(c), and §668.23(f)(1)(vi).

LOAN CERTIFICATION REQUIREMENTS

CSLP Ready Reference

RESTRICTIONS

DELAYED CERTIFICATION. If the school's *Cohort Default Rate* exceeds 30 percent, the school must delay certification for first-time Stafford Loan and SLS borrowers long enough to ensure that the delivery of loan proceeds will take place at least 30 days after the beginning of the student's program of study.

SLS INELIGIBILITY. If the school's *Cohort Default Rate* is 30 percent or greater, the school may not certify an SLS application for an undergraduate student. (However, if a student was enrolled in a program of study on December 19, 1989, and had received an SLS for that program and the program's duration has not been extended on or after November 8, 1989, the student may receive additional SLS's to complete the program.)

OPTIONS

FINANCIAL AID TRANSCRIPTS. For a Stafford Loan or SLS, the school may refuse to certify a loan until all *Financial Aid Transcripts (FAT's)* are received. Or the school may certify a loan but may not deliver any loan proceeds until all FAT's are received. If all FAT's are not received by the 45th day after the school receives the check (loan proceeds), the check must be returned to the lender. Upon receipt, FAT's may necessitate adjustments to the borrower's eligibility for a Stafford Loan or SLS.

VERIFICATION. For a Stafford Loan applicant selected for verification, the school may refuse to certify the Stafford Loan until verification is completed. Or the school may certify a loan, if there is no information which conflicts with that provided by the applicant, but the school may not deliver Stafford Loan proceeds to the borrower until verification is completed. If verification is not completed by the 45th day after the school receives the check, the check must be returned to the lender. Upon completion, verification may necessitate adjustments to the borrower's eligibility for the loan.

PROFESSIONAL JUDGMENT. The school may refuse to certify an otherwise eligible borrower's loan application, or may certify a loan for an amount that is less than what the student would be otherwise eligible for, if the reason for such action is documented and provided to the student in writing. This includes the authority to refuse to certify a loan application based on the institution's belief that the student is unwilling to repay the intended loan. The school's determinations must be made on a case-by-case basis, and documentation supporting an individual determination must be retained in the student's file. The Secretary of the U.S. Department of Education expects that this authority, which has been long-sought by institutions in order to prevent unnecessary borrowing and defaults, will be used judiciously. The Department is not providing lists of "acceptable" and "unacceptable" uses of this authority because to do so would undermine the basic concept of *Professional Judgment*. The Secretary believes that the institution is in the best position to make these decisions. In using this authority, the institution assumes responsibility for explaining to the student (in writing), the reasons for withholding certification or for reducing the loan amount. This authority does not authorize the institution to discriminate against the borrower on the basis of factors, the consideration of which, are already prohibited by law.

PREREQUISITES

BORROWER CERTIFICATION. The student (or the student and parent in the case of a Plus Loan) has certified that he or she is not in default on a Perkins Loan, Plus Loan, Income Contingent Loan, or Consolidation Loan made for attendance at any institution, and does not owe a refund on any Title IV grant or scholarship program received for attendance at any institution (CSLP's applications contain these certifications).

ELIGIBILITY DETERMINATION. The student's dependency status, enrollment status, satisfactory progress, and eligibility criteria have been established and documented as necessary. Additionally, the *Loan*

Period, Cost of Attendance, Family Contribution (for a Stafford Loan), *Estimated Financial Assistance, Academic Year, Grade Level*, and *Disbursement Schedule* have been determined.

PELL GRANT AND STAFFORD LOAN DETERMINATIONS. A determination of Pell Grant eligibility is made for the Stafford Loan and SLS applicants, and a Stafford Loan eligibility determination is made for SLS applicants (both as *Estimated Financial Assistance)*. The determination of the Stafford Loan for the SLS includes certifying the Stafford Loan if the student has an eligibility of $200 or more.

LOAN LIMITS DETERMINATION. The school reviews its academic and financial aid records, verifies the information certified by the borrower (and the student, in the case of a Plus Loan) concerning previous loans or grants, and determines that the total loan or loans certified for that *Period of Enrollment* will not exceed annual or aggregate loan limits and also will not exceed (1) for Stafford Loans, the student's financial need as determined by an approved need analysis system; (2) for SLS's/Plus Loans, the student's *Cost of Attendance* less *Estimated Financial Assistance*. Students who in any *Academic Year* borrow more than the annual or aggregate maximum loan limits for which they are eligible under Stafford, SLS, or Perkins Loan programs will lose their eligibility for further Title IV program assistance for that *Academic Year*.

CONFLICTING DATA. Conflicting data is satisfactorily resolved.

REGISTRATION STATUS. The school can provide documentation of the student's *Statement of Registration Status*.

FINANCIAL AID TRANSCRIPTS. The school has received all *Financial Aid Transcripts* for students who indicate previous attendance at another eligible school(s) before certifying a Plus Loan.

COUNSELING. The school has provided loan counseling for first-time borrowers at the school (or has provided such counseling prior to the delivery of any loan proceeds).

COMMON ERRORS

- Certifying loans for more than the amount allowed;
- Certifying loans to students not making satisfactory progress;
- Certifying loans to students in ineligible programs or attending an ineligible branch campus;
- Certifying loans to ineligible students, such as foreign students on student visas; and
- Certifying more than one application for the same student for the same loan period resulting in loans in excess of need and in excess of loan limits.

INCORRECT CERTIFICATION. Responsibilities are incurred in certifying a loan application. The Financial Aid Administrator certifies that the school section is correct and the information provided by the student, or parent for a Plus Loan, is accurate to the best of his or her knowledge. If the school incorrectly certifies an ineligible student as eligible, the school will be responsible for purchasing the loan and for reimbursing the U.S. Department of Education for all *Interest Benefits* and *Special Allowance (ISA)* paid to the lender on behalf of the borrower. If the borrower is not eligible for the entire amount certified, the school will be responsible for reimbursing the borrower's loan account for the difference between the loan amount certified and the amount for which the student is eligible; the school must also reimburse the Department of Education for the excess ISA payments made on the ineligible loan amount. Accrued interest inappropriately paid by the borrower may also be assessed.

SENDING TO LENDER

After certifying a loan, the school retains its copy of the application (waivers may apply for electronic processing) and gives the borrower his or her copies. Next, the student, or school on behalf of the student, sends the other copies of the application to the lender (or its servicer) with the promissory note, if included.

Want to Know More? See:

The Federal Student Financial Aid Handbook; Public Laws: 101-508, November 5, 1990; and 102-26, April 9, 1991; *Title 34 of the Code of Federal Regulations* §668.19(a) and §668.60(b)(3); and "Dear Colleague" letters: GEN-88-34, October 1988; GEN-90-41, December 1990; and GEN-91-19, June 1991.

SCHEDULING DISBURSEMENTS

CSLP Ready Reference

DISBURSEMENT SCHEDULES. The student must provide the lender with a statement from the school setting forth a schedule for disbursements of a Stafford Loan or SLS. CSLP loan applications contain the required statements in the school sections.

MULTIPLE DISBURSEMENTS. The proceeds of any Stafford Loan or SLS must be disbursed in two or more installments regardless of the amount of the loan or the length of the *Loan Period.* None of these installments may exceed more than one-half of the guaranteed amount of the loan (disbursements are usually rounded to the nearest whole dollar). CSLP applications provide spaces for up to three installments. If the school schedules two dates, the proceeds will be divided into halves. If the school schedules three dates, the proceeds will be divided into thirds.

COMBINED DISBURSEMENTS. If the date on which the installment is to be made occurs on or after the earliest date that a subsequent installment(s) could be made, the lender may disburse the proceeds of such installments using a single check or *Electronic Funds Transfer (EFT).*

FIRST DISBURSEMENT. The lender may not issue the check more than 30 days prior to the *Loan Period's* beginning date (nor prior to receiving a guarantee notice from CSLP or prior to having a valid, signed promissory note). Therefore, the school may not schedule the first disbursement more than 30 days prior to the start of the *Loan Period.* Additionally, when the school cannot deliver the loan proceeds until the student has been in attendance for 30 days (i.e., first-year students who have not previously borrowed or schools that have *Cohort Default Rates* greater than 30%), the school must request a later date than 30 days prior to the *Loan Period* in order to promptly deliver the loan proceeds within 45 days of the receipt of the check or EFT.

SECOND DISBURSEMENT FOR NON-TERM SCHOOLS OR LOANS FOR ONE TERM ONLY. The second disbursement may not be scheduled until at least one-half of the *Loan Period* has elapsed.[1] To determine when one-half of the *Loan Period* has elapsed, count the number of days in the *Loan Period* including the beginning and ending dates, and divide the total number by two. Round the result up to the nearest whole number and add one. Use the resulting sum to count the days starting with the beginning date of the *Loan Period.* The date on which the count ends is the earliest a second disbursement may be requested.[2]

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[1] This date may be different than the *Mid-point* used for second disbursements of Pell Grants and Campus-Based programs, or for *Attribution to Payment Periods* for GSL Program loans.

[2] A program to calculate the earliest date for a second disbursement for such loans may be created on spreadsheet software, such as *Excel* or *Lotus:* Format Columns D, E, and I to show dates. Columns B, C, D, and E are data-entry cells. Be sure to enter the dates in Columns D and E as required by the software for calculations. Enter the formulas as shown or modify to software requirements. Copy the formulas to additional rows as needed. In these versions, there is no need to add an extra day to determine the days for one-half of the *Loan Period* since the software will exclude the *Loan Period* begin date in its count.

	A	B	C	D	E	F	G	I
1		Start Date/Term/		Loan Period	Loan Period	No. of Days	No. of Days	Earliest Date
2		Student	SSN	Begin Date	End Date	In Loan Period	for 1/2 of LP	for 2nd Disb.
3	1							
				▲	▲	▲	▲	▲
Excel Formulas for Row 3:						=E3-D3	=ROUND(F3/2,0)	=D3+G3
Lotus Formulas for Row 3:				@DATE(yy,mm,dd)	@DATE(yy,mm,dd)	+E3-D3	@ROUND(F3/2,0)	+D3+G3

SECOND DISBURSEMENT FOR TERM SCHOOLS. The second disbursement may be made prior to the expiration of one-half of the loan period only if it is necessary for that disbursement to be delivered at the beginning of the second semester, quarter, or similar division of the school's academic period. In this situation, the disbursement may be scheduled up to 30 days prior to the beginning of the second semester, quarter, or similar division within the *Loan Period.*

PLUS LOANS. Disbursement schedules are not required for Plus Loans. The lender determines the disbursement date(s). Plus Loans may be disbursed in one installment.

LENDER REQUIREMENTS. The lender (or escrow agent) must attempt to disburse the loans in accordance with the schedule provided by the school. Stafford Loan and SLS disbursements must be sent to the school and made payable to the student or co-payable to the student and the school. Checks may be sent directly to students attending foreign schools. Plus Loan checks may be sent directly to the parent.

LATE DISBURSEMENTS. CSLP's *Late Disbursement Policy* must be used after the *Loan Period* expires or when the student graduates or withdraws prior to receiving loan proceeds.

CASE STUDIES (❶ First Disbursement, ❷ Second Disbursement):

1. **Program of Study without Semesters, Quarters, or Similar Divisions (i.e., Clock Hour or Credit Hour, Non-Term Schools)**

	← Begin Date	*Loan Period* End Date →
← 30 Days →	← Start Date	← 1/2 of Loan Period
↑❶ Schedule no earlier than 30 days before the *Loan Period* begin date.[3]		↑❷ Schedule after 1/2 of the *Loan Period* has expired and prior to its end date.

2. **Program of Study with a *Loan Period* for Two Semesters or Similar Divisions**

	← Begin Date		*Loan Period* End Date →
← 30 Days →	← 1st Semester	← 30 Days →	← 2nd Semester
↑❶ Schedule no earlier than 30 days before the *Loan Period* begin date.[3]		↑❷ Schedule no earlier than 30 days before the start of the 2nd semester and prior to the end date of the *Loan Period.*	

3. **Program of Study with a *Loan Period* for Three (or Two) Quarters or Similar Divisions**

	← Begin Date		*Loan Period*	End Date →
← 30 Days →	← 1st Quarter	← 30 Days →	← 2nd Quarter	← 3rd Quarter
↑❶ Schedule no earlier than 30 days before the *Loan Period* begin date.[3]		↑❷ Schedule no earlier than 30 days before the start of the 2nd quarter and prior to the end date of the *Loan Period.*		❸ Optional

4. **Program of Study with More Than One Semester, Quarter, or Similar Division. *Loan Period* Is Only for One Such Division.**

			← Begin Date *Loan Period*	End Date →
← 30 Days →	← 1st Semester	← 30 Days →	← 2nd Semester	← 1/2 of Loan Period
		↑❶ Schedule no earlier than 30 days before the *Loan Period* begin date.		↑❷ Schedule after 1/2 of the *Loan Period* has expired and prior to its end date.

Want to Know More? See:

The Federal Student Financial Aid Handbook and "Dear Colleague" letters GEN-89-58, December 1989, and GEN-90-41, December 1990.

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[3] Adjust to a later date when proceeds may not be delivered until after the student has completed 30 days of a program.

CERTIFYING A CSLP STAFFORD LOAN

CSLP Ready Reference

The following information is step-by-step instructions on how to certify an "APPLICATION FOR A COLORADO STAFFORD STUDENT LOAN".[1] This facsimile represents the school's section only of an application:

S	20. Name of School	21. Address City State Zip Code		
C	(22.) Loan Period (Mo./Day/Yr.) From To	(23.) Grade Level Undergraduate 1 2 3 4 5 Graduate 6 7 8 9		(24.) Anticipated Graduation Date Mo. Yr.
H	(25.) D.E. School Code	26. Area Code-Phone No. ( ) -	(27)A. Dependency Status ☐ Dependent ☐ Independent	(27)B. Family Adjusted Gross Income $. .00
O	(28.) Estimated Cost of Attendance for Loan Period $ .00	(29)A. Estimated Financial Aid for Loan Period $ .00	(29)B. Expected Family Contribution (EFC) $ .00	30. Cost Less Aid Less EFC $ .00
O	(31.) Disbursement Schedule (Mo./Day/Yr.) #1 / / #2 / / #3 / /	(31)A. Academic Year From Mo. | Yr. To Mo. | Yr		(31)B. Student Status ☐ (a) Full-time ☐ (b) Half-time
L	(32.) My signature below certifies that I have read and agreed to the "School Certification" printed on this application. Signature of Authorized Financial Aid Administrator	Print or Type Name and Title		Date

Prior to certifying a Stafford Loan, the school must determine the student's *Expected Family Contribution (FC)*, based upon an additional application submitted by the student, and other eligibility criteria. Use ink or type. Do not complete the student or lender sections. Numbered items that are circled [in brackets ( ) in these examples] must be completed in order for CSLP to process the loan. A correction notice will be generated if a circled item is blank or inconsistent with other entries.

Enter the official name of the school. ▼

Enter the official address of the school. ▼

S	20. Name of School	21. Address City State Zip Code	
C	(22.) Loan Period (Mo./Day/Yr.) From To	(23.) Grade Level Undergraduate 1 2 3 4 5 Graduate 6 7 8 9	(24.) Anticipated Graduation Date Mo. Yr.

▲ Enter the exact date the *Loan Period* begins. This date may not be earlier than the *Academic Year's* beginning month and year in item 31A. The *Loan Period* must correspond to a *bona fide* term(s), such as a quarter(s), trimester(s), semester(s), or similar division(s), or *Academic Year*.
Non-Term Schools: The *Loan Period* must correspond to the *Academic Year* (or length or remainder of the program of study if less than an *Academic Year)*.

▲ Enter the exact date the *Loan Period* ends. This date may not be later than the *Academic Year's* ending month and year in item 31A.
Non-Term Schools: If the program length is variable depending upon the student's progress, this date may be estimated. Subsequent *Loan Periods* must be adjusted if the student does not complete the *Academic Year* as estimated.

▲ Check the *Grade Level* according to the borrower's status as of the beginning of the *Loan Period*.
Note: If the student has a prior undergraduate degree and is re-enrolled in an undergraduate program, then use the appropriate *Undergraduate Grade Level.*

▲ Check a *Graduate Grade Level* only if the student meets the definition for a graduate or professional student, such as enrollment in a program of study which leads to a graduate or professional degree.

▲ Enter the month and year the student is expected to graduate for the current program of study. Use a latter date only if the student is also enrolled in another program of study of longer duration, in which case, use the date of the longer program.

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[1] These directions provide guidance for manual certifications and do not indicate the automated *Suspense* or *Connect* procedures. Schools using *Suspense* or *Connect*, should stamp or write "Suspense File Transfer", "Data Transmitted On Line", or similar wording in the school section of the application. The required information is the same as indicated above.

Enter the six- or eight-digit code assigned to the school by the U.S. Department of Education.
Note: Branch campuses may not use the number of the main campus. Some branch campuses have alpha suffixes assigned by CSLP.

Enter the school or financial aid office's phone number.

Check either *Dependent* or *Independent* for the student's status according to federal definitions.

For a dependent student enter the total *Adjusted Gross Incomes (AGI's)* of the parent(s) and the student (and spouse if married). For an independent, enter the AGI of the student (and spouse if married). Use base-year income only. Use earnings from work if tax forms were not filed. Do not include untaxed incomes.

H	(25.) D.E. School Code	26. Area Code-Phone No. ( ) -	(27)A. Dependency Status ☐ Dependent ☐ Independent	(27)B. Family Adjusted Gross Income $. .00
O	(28.) Estimated Cost of Attendance for Loan Period $ .00	(29)A. Estimated Financial Aid for Loan Period $ .00	(29)B. Expected Family Contribution (EFC) $ .00	30. Cost Loas Aid Less EFC $ .00

Enter the estimated *Cost of Attendance (COA).* This amount must correspond to the *Loan Period* entered in item 22.
Note: COA's must be based upon standardized costs for which the allowable items are reasonably documented.

Enter the *Estimated Financial Assistance.* This amount must correspond to the *Loan Period* in item 22.
Note: Include all federal, state, public, and private sources of aid as required by regulation.

Enter the *Expected Family Contribution (FC).* This amount must correspond to the *Loan Period* entered in item 22.
Note: If the *Loan Period* does not correspond to the *Period of Enrollment* (the program of study or standard *Period of Enrollment* is longer than the *Loan Period)* then the FC for the *Period of Enrollment* must be prorated to the length of the *Loan Period.*

Enter the difference after subtracting the *Estimated Financial Assistance* and the FC from the COA [items 28 - 29A - 29B].

For #1, enter the exact date for the first disbursement. This date may not be more than 30 days prior to the *Loan Period* begin date entered in item 22. To assure that funds are promptly delivered within 45 days, this date should be later for a student who cannot receive funds until 30 days after the *Loan Period* begins.

For #2, enter the exact date for the second disbursement. Term Schools: Use a date up to 30 days before the start of the second term. Non-Term Schools or Loans for One Term Only: Use a date at least equal to one-half of the *Loan Period* plus one day.

Use #3 only if three disbursements are desired (three entries are the maximum).

Note: The approved loan amount will be divided equally by disbursements. If more than one date has passed on the date the loan is processed, the disbursements may be combined into one.

Enter the month and year the *Academic Year* is scheduled to begin and end. The dates entered must correspond to the school's definition(s) of an *Academic Year.* The *Academic Year* must be equal to or greater than the *Loan Period* in item 22.
Note: CSLP's computer system checks the duration of the *Academic Year* as reported by the school and will reject any loan application with an *Academic Year* that is less than seven (7) months in duration. If a school has an *Academic Year* that is actually less than seven months long, the school must still enter a seven-month long *Academic Year* on the loan application and document its policies and procedures and/or each file that the *Academic Year* is actually shorter (i.e., six months in duration for a 36 quarter-hour *Academic Year* definition). CSLP's system will not approve any amounts in excess of the annual loan limits until the *Academic Year* (at least seven months) has lapsed even if the actual *Academic Year* is shorter.
Non-Term Schools: The *Loan Period* in item 22 should still correspond to the school's actual *Academic Year,* and may be shorter than seven months in duration. Schools with short *Academic Years* and subsequent loan applications may contact CSLP for technical assistance.

Check *Full-time* if the student is enrolled on at least a full-time basis. Check *Half-time* if the student is enrolled on at least a half-time basis but less than full-time.

O	(31.) Disbursement Schedule (Mo./Day/Yr.) #1 / / #2 / / #3 / /	(31)A. Academic Year Mo. Yr. Mo. Yr From | To |	(31)B. Student Status ☐ (a) Full-time ☐ (b) Half-time
L	(32.) My signature below certifies that I have read and agreed to the "School Certification" printed on this application. Signature of Authorized Financial Aid Administrator	Print or Type Name and Title	Date

Read the "SCHOOL CERTIFICATION" on the application. Sign where indicated to certify the loan.

Print or type name and title as indicated.

Enter the date certified. The date may not be omitted or a past or future date.

CERTIFYING A CSLP SLS OR PLUS LOAN

CSLP Ready Reference

The following information is step-by-step instructions on how to certify an "APPLICATION FOR A COLORADO SLS LOAN" or an "APPLICATION FOR A COLORADO PLUS/SLS LOAN".[1] This facsimile represents the school's sections only of the applications:

S	27. Name of School	28. Address City	State Zip Code
C	(29.) Loan Period (Mo./Day/Yr.) From To	(30.) Grade Level (Undergraduate) 1A 1B 1C 1D 2 3 4 5 (Graduate) 6 7 8 9	(31.) Anticipated Graduation Date Mo. Yr.
H	(32.) D.E. School Code	33. Area Code-Phone No. ( )	(34) Dependency Status ☐ Dependent ☐ Independent
O	(35.) Estimated Cost of Attendance for Loan Period $ .00	(36) Estimated Financial Aid for Loan Period $ .00	37. Cost Less Aid Less EFC $ .00
O	(38.) Disbursement Schedule (Mo./Day/Yr.) #1 #2 #3	(39) Academic Year Mo. Yr. Mo. Yr From To	(40)B. Student Status ☐ (a) Full-time ☐ (b) Half-time
	(41.) My signature below certifies that I have read and agreed to the "School Certification" printed on this Application.		
L	**Signature of Authorized Financial Aid Administrator**	**Print or Type Name and Title**	**Date**

Prior to certifying an SLS or Plus Loan, the school must determine all eligibility criteria. Additionally for an SLS, the school must first determine a student's Stafford Loan eligibility. Use ink or type. Do not complete the borrower, student, or lender sections. Numbered items that are circled [in brackets ( ) in these examples] must be completed in order for CSLP to process the loan. A correction notice will be generated if a circled item is blank or inconsistent with other entries.

Enter the official name of the school. ▼

Enter the official address of the school. ▼

S	27. Name of School	28. Address City State Zip Code
C	(29.) Loan Period (Mo./Day/Yr.) From To	(30.) Grade Level (Undergraduate) 1A 1B 1C 1D 2 3 4 5 (Graduate) 6 7 8 9

▲ Enter the exact date the *Loan Period* begins. This date may not be earlier than the *Academic Year's* beginning month and year in item 39. The *Loan Period* must correspond to a *bona fide* term(s), such as a quarter(s), trimester(s), semester(s), or similar division(s), or *Academic Year.*

Non-Term Schools: The *Loan Period* must correspond to the *Academic Year* (or length or remainder of program of study if less than an *Academic Year).*

▲ Enter the exact date the *Loan Period* ends. This date may not be later than the *Academic Year's* ending month and year in item 39. Non-Term Schools: If the program length is variable depending upon the student's progress, this date may be estimated. Subsequent *Loan Periods* must be adjusted if the student does not complete the *Academic Year* as estimated.

▲ Check the *Grade Level* according to the borrower's status as of the beginning of the *Loan Period.* Note: If the student has a prior undergraduate degree and is re-enrolled in an undergraduate program, then use the appropriate *Undergraduate Grade Level.*

1A = First Year, Program of Study is at least one *Academic Year (AY)* in length
1B = First Year, Program is at least 2/3rds but less than 1 AY
1C = First Year, Program is at least 1/3rd but less than 2/3rds of an AY
1D = First Year, Program is less than 1/3rd of an AY

◄ Check a *Graduate Grade Level* only if the student meets the definition for a graduate or professional student, such as enrollment in a program of study which leads to a graduate or professional degree.

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[1] These directions provide guidance for manual certifications and do not indicate the automated *Suspense* or *Connect* procedures. Schools using *Suspense* or *Connect*, should stamp or write "Suspense File Transfer", "Data Transmitted On Line", or similar wording in the school section of the application. The required information is the same as indicated above.

Enter the six- or eight-digit code assigned to the school by the U.S. Department of Education.
Note: Branch campuses may not use the number of the main campus. Some branch campuses have alpha suffixes assigned by CSLP.

Enter the school or financial aid office's phone number.

Check either *Dependent* or *Independent* for the student's status according to federal definitions.

Enter the month and year the student is expected to graduate for the current program of study. Use a latter date only if the student is also enrolled in another program of study of longer duration, in which case, use the date of the longer program.

			(31.) Anticipated Graduation Date Mo. |__|__| Yr. |__|__|
H	(32.) D.E. School Code	33. Area Code-Phone No. ( )	(34) Dependency Status ☐ Dependent ☐ Independent
O	(35.) Estimated Cost of Attendance for Loan Period $ .00	(36) Estimated Financial Aid for Loan Period $ .00	37. Cost Less Aid Less EFC $ .00

Enter the estimated *Cost of Attendance (COA).* This amount must correspond to the *Loan Period* entered in item 29.
Note: COA's must be based upon standardized costs for which the allowable items are reasonably documented.

Enter the *Estimated Financial Assistance.* This amount must correspond to the *Loan Period* in item 29.
Note: Include all federal, state, public, and private sources of aid as required by regulation.

Enter the difference after subtracting the *Estimated Financial Assistance* and the FC from the COA [items 35 - 36].

For #1, enter the exact date for the first disbursement. This date may not be more than 30 days prior to the *Loan Period* begin date entered in item 29. To assure that funds are promptly delivered within 45 days, this date should be later for a student who cannot receive funds until 30 days after the *Loan Period* begins.

For #2, enter the exact date for the second disbursement. Term Schools: Use a date up to 30 days before the start of the second term. Non-Term Schools or Loans for One Term Only: Use a date at least equal to one-half of the *Loan Period* plus one day.

Use #3 only if three disbursements are desired (three entries are the maximum).

Note: The approved loan amount will be divided equally by disbursements. If more than one date has passed on the date the loan is processed, the disbursements may be combined into one.

Enter the month and year the *Academic Year* is scheduled to begin and end. The dates entered must correspond to the school's definition(s) of an *Academic Year.* The *Academic Year* must be equal to or greater than the *Loan Period* in item 29.
Note: CSLP's computer system checks the duration of the *Academic Year* as reported by the school and will reject any loan application with an *Academic Year* that is less than seven (7) months in duration. If a school has an *Academic Year* that is actually less than seven months long, the school must still enter a seven-month long *Academic Year* on the loan application and document its policies and procedures and/or each file that the *Academic Year* is actually shorter (i.e., six months in duration for a 36 quarter-hour *Academic Year* definition). CSLP's system will not approve any amounts in excess of the annual loan limits until the *Academic Year* (at least seven months) has lapsed even if the actual *Academic Year* is shorter.
Non-Term Schools: The *Loan Period* in item 29 should still correspond to the school's actual *Academic Year,* and may be shorter than seven months in duration. Schools with short *Academic Years* and subsequent loan applications may contact CSLP for technical assistance.

Check *Full-time* if the student is enrolled on at least a full-time basis. Check *Half-time* if the student is enrolled on at least a half-time basis but less than full-time.

O	(38.) Disbursement Schedule (Mo./Day/Yr.) #1|__|__|__| #2|__|__|__| #3|__|__|__|	(39) Academic Year Mo. Yr. Mo. Yr From |__|__| |__|__| To |__|__| |__|__|	(40)B. Student Status ☐ (a) Full-time ☐ (b) Half-time
	(41.) My signature below certifies that I have read and agreed to the "School Certification" printed on this Application.		
L	Signature of Authorized Financial Aid Administrator	Print or Type Name and Title	Date

Read the "SCHOOL CERTIFICATION" on the application. Sign where indicated to certify the loan.

Print or type name and title as indicated.

Enter the date certified. The date may not be omitted or a past or future date.

SECTION III: THE SCHOOL, Delivery of Loan Proceeds

Tabular Table of Contents*

Tab Summary:

The processes for the school's crediting or delivering loan proceeds (checks) to the student, and information for conducting entrance and exit interviews are examined under this tab heading.

CSLP Ready References:

ORDER	TITLE	NUMBER	DATE	NEW ✓
1.	Check Delivery	RR015	February 28, 1992	✓
2.	Overawards	RR027	February 28, 1992	✓
3.	Entrance and Exit Interviews	RR017	February 28, 1992	✓
4.	Entrance and Exit Interview Form	RR063	February 28, 1992	✓
5.	Loan References and Test	RR065	February 28, 1992	✓
6.	Sample Repayment Schedules	RR004	February 28, 1992	✓
7.	Repayment Flow Chart	RR023	February 28, 1992	✓

Also see CSLP Ready References:

TITLE	LOCATION IN CSLP TRAINING MANUAL
Verification	SECTION III: THE SCHOOL, Application Process
Financial Aid Transcripts	SECTION III: THE SCHOOL, Application Process
Deferment Summary	SECTION II: THE LENDER, Repayment
Record Requirements	SECTION III: THE SCHOOL, Record Keeping Requirements
Form Checklist	SECTION III: THE SCHOOL, Record Keeping Requirements

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* The *Tabular Table of Contents* establishes a recommended order for the *CSLP Ready References* inserted behind this tab heading. New and revised *CSLP Ready References* are designated with a (✓) in the NEW column. Revisions are designated by date. *CSLP Ready References* with older dates are obsolete but may be retained for historical reference.

CHECK DELIVERY

CSLP Ready Reference

ELIGIBILITY. Schools may deliver a check only if the student is still maintaining all the eligibility requirements. If a student is no longer eligible, then the check must be returned to the lender.

REGISTRATION. The student must be registered in order to receive the check. If a student is not yet registered at the time the school receives the check, then the school must hold the check.

FAILURE TO ENROLL. For a student who does not enroll, the school must return the check to the lender within 30 days of the determination that the student has not and will not enroll.

DELIVERY BEFORE THE START OF CLASSES. A school may deliver a check to a registered student but not more than 10 days before the first day of classes of the enrollment period for which the loan is intended. If the check is co-payable, the school must endorse the check first. A school may secure a student's endorsement on a co-payable check and credit the student's account for the costs owed the school no earlier than 3 weeks prior to the first day of classes and deliver any remaining funds to the student no earlier than 10 days prior to the first day of classes of the enrollment period for which the loan is intended. See next statement for an exception.

FIRST-YEAR BORROWERS. A school may not deliver the first installment of a Stafford Loan or SLS to any student who is entering the first year of a program of undergraduate education at an institution and who has not previously received a Stafford Loan or SLS until 30 days after the first day of the student's program of study. This provision applies to a student who previously has been enrolled in another program but who has not completed the equivalent of the first year of the undergraduate program in which the student currently is enrolled. These requirements apply to the first disbursement of all covered Stafford Loans and SLS's for periods of enrollment beginning on or after January 1, 1991. Schools must provide the lender with a disbursement schedule that will ensure that the first disbursement of the Stafford Loan or SLS will be received by the institution just prior to the 30th day of the student's enrollment in his or her program of study.

45 DAYS. The U.S. Department of Education states that a school must deliver the loan proceeds to the borrower no later that 45 days after the institution's receipt of the loan check [see "Dear Colleague" letter, GEN-90-33, September 1990 (Q&A #57)].

FINANCIAL AID TRANSCRIPTS. If a school certified a Stafford Loan or SLS prior to receiving all required *Financial Aid Transcripts* but after requesting them, then the school must hold the check until the transcripts are received. Checks held for transcripts may not be held more than 45 days and must be returned to the lender if the transcripts do not arrive by the 45th day.

VERIFICATION. If a school certified a Stafford Loan for a student selected for verification and the verification was not completed at the time of certification, then the school must hold the check until verification is completed. Checks held for verification may not be held more than 45 days and must be returned to the lender if verification is not completed by the 45th day.

ENDORSEMENT. The student must endorse the check or provide other written approval in order for the check to be cashed or transferred.

POWER OF ATTORNEY. A person with the student's power of attorney may not endorse the check for the student.

STUDY ABROAD. A student who is studying abroad may complete a direct deposit form (as "other written approval") which permits the check to be deposited directly into the student's account.

OVERAWARDS. At the time a school is preparing to deliver loan proceeds, the school must check for overawards.

ENTRANCE INTERVIEWS. Except in the case of a correspondence school, a school must conduct an entrance interview prior to its release of the first disbursement of the proceeds of the first Stafford Loan or SLS made to the borrower for attendance at the school. A correspondence school shall provide the borrower with written counseling materials by mail prior to releasing those proceeds.

LATE DISBURSEMENTS. CSLP's "Late Disbursement Policy" must be employed to deliver loan proceeds after the loan period has expired.

CREDIT BALANCES. The school may credit a registered student's account with only those loan proceeds covering costs of attendance owed to the school by the student for which substantially all of the school's students incurring those costs have been billed, and any additional loan proceeds (credit balance) that the student requests in writing that the school retain in order to assist the student in managing his or her loan funds for the remainder of the academic year. Note: this permission may be rescinded by the student at any time, and the student must have the option not to grant permission to the school to retain a credit balance on his or her account. Additionally, if the student withdraws with a GSL credit balance on his or her account, the student is considered to have no further educational expenses. If this is the case, the GSL credit balance must be returned to the lender.

PERMISSION TO RETAIN CREDIT BALANCE	
School	
Student Name (Please Print)	SSN
I give the school in which I am enrolled permission to retain loan proceeds in excess of the amounts currently due on my account in order to assist me with managing my loan funds for the remainder of my academic year.	
Student Signature	Date

Want to Know More? See:

The Federal Student Financial Aid Handbook "Dear Colleague" letters GEN-89-58, December 1989, and GEN-90-41, December 1990; and *Title 34 of the Code of Federal Regulations* §682.604.

OVERAWARDS

CSLP Ready Reference

WHAT "DEAR COLLEAGUE" LETTER, GEN-89-58, DECEMBER 1989, SAYS:
An institution must withhold and promptly return to the lender or escrow agent any disbursement not yet delivered to the student that exceeds the amount of assistance for which the student is eligible, taking into account other financial aid obtained by the student. However, instead of returning the entire undelivered disbursement, the school may choose promptly to return to the lender only the portion of the disbursement for which the student is ineligible. In either case, the institution must provide the lender with a written statement describing the reason for the return of the loan funds. The amount returned to the lender must be applied to reduce the student's outstanding loan balance and the lender must refund to the student's account the insurance premium and origination fee attributable to the amount returned. An institution previously was not required to return a student's Stafford or SLS loan proceeds if the student received financial aid that the institution did not know about when it certified the loan application. This amendment now requires an institution to do so, effective for all Stafford and SLS loan proceeds not delivered to students as of December 19, 1989 for loans made for periods of enrollment beginning on or after January 1, 1990.

Please note that the above provisions (section II.8.7) do not apply to Stafford or SLS loans made to cover the cost of attendance at an eligible institution outside of the United States or to PLUS or Consolidation loans. Also, Stafford and SLS loans made for periods of enrollment beginning before January 1, 1990 remain subject to the disbursement requirements of the Act in effect prior to the enactment of Pub. L. 101-239.

WHAT "DEAR COLLEAGUE" LETTER, GEN-90-33, SEPTEMBER 1990, SAYS (QUESTIONS & ANSWERS):
Q-73. Does the new provision in §428G(d) of the Act regarding overawards of Stafford and SLS loans apply only to overawards that result from other Title IV aid awarded to the student or does it extend to all other aid received? Is the provision applicable to overawards resulting from a reduction in the student's cost of attendance due to a change of enrollment or program of study or a change in family's financial circumstances that increases the family's expected family contribution (EFC) and thus reduces the student's financial need?
A-73. An overaward can result from aid received from any form of assistance defined as estimated financial assistance in 34 CFR 682.200. An institution is required to have a system of coordination in place to identify all forms of assistance a student may receive even if it is not administered through the financial aid office. Since an institution may but is not required to, adjust costs based on a student's change of enrollment or program after a student has been awarded Title IV aid, it is not required to identify overawards resulting from these changes. However, an institution must eliminate any overaward that may result from a recalculation of a family's EFC based on the institution's receipt of financial information not considered in the original calculation of the EFC.

Q-74. In determining whether an overaward exists and whether Stafford or SLS loan proceeds must be returned to a lender, may the institution use the student's SLS or PLUS to cover the family's EFC up to the amount of the EFC to reduce or eliminate the overaward? May a non-subsidized Stafford loan also be used to cover EFC? Similarly, if the student's award package includes campus-based aid, may the institution reduce or eliminate the overaward by adjusting or cancelling any undisbursed campus-based loan or grant?
A-74. The new overaward provision in the Stafford and SLS loan programs does not prohibit the institution, as part of the Title IV aid packaging process, from attempting to reduce or eliminate the overaward by using a student's SLS or PLUS or a non-subsidized Stafford loan to cover the family's

EFC. However, the institution must repay Stafford or SLS funds to a lender to eliminate an overaward before adjusting or cancelling a student's undisbursed campus-based grants or loans.

Q75. Is an institution permitted to use any tolerance similar to the $200 tolerance allowed in the campus-based programs overaward provisions when making a determination that a student has received an overaward of a Stafford or SLS loan?
A-75. No. The Department has concluded that since the statute is specific on when an overaward is created, there is no statutory authority permitting the Secretary to allow a tolerance.

Q-76. How is it possible for the institution to return to the lender "only the portion of the (undelivered) disbursement for which the student is ineligible" as directed in section II.B.7.d. of Dear Colleague letter GEN 89-58 when program regulations prohibit the institution from endorsing the loan check on behalf of a student?
A-76. The institution would have to obtain the student's endorsement, credit the student's account, and promptly send a payment to the lender for the portion of the loan for which the student is ineligible.

Q-77. How is "promptly" defined when returning an overaward of any Stafford or SLS to the lender?
A-77. If the original loan check is returned uncashed to the lender, "promptly" is defined, consistent with the treatment of loan proceeds under 34 CFR 682.604(d)(3), as within 30 days of the institution's determination that an overaward exists and the borrower is ineligible to receive the disbursement. When returning an ineligible portion of a disbursement that represents an overaward, the institution must, consistent with the requirements of 34 CFR 682.607, refund the overaward to the lender within 60 days of the institution's determination that an overaward exists.

Q-78. Must the lender refund the insurance premium and origination fee to the borrower's account if the institution has returned to the lender only the portion of the original disbursement for which the student is ineligible?
A-78. If the institution has negotiated the original loan check because the student is eligible for a portion of the original disbursement, the lender need not refund the insurance premium and origination fee attibutable to the amount returned to the lender, *i.e.*, the portion for which the student is ineligible. If the student is ineligible for the entire amount disbursed or the institution otherwise chooses to return the original loan check, the lender must refund to the student's account the insurance premium and origination fee attributable to the amount returned. See 34 CFR 682.202(c)(4)(i) and 682.401(b)(6)(iii)(A).

HOW DOES THIS OVERAWARD PROVISION WORK?

1. The school must check for overawards at each disbursement of a Stafford Loan or SLS.
2. Once a loan has been fully disbursed, the school no longer has to check for overawards on that loan.
3. The school must check for overawards *due to an increase in Estimated Financial Assistance* and *Expected Family Contribution* (overawards resulting from school error is a separate situation).
4. Accordingly, the school must carefully record the date(s) loan proceeds are delivered and the date(s) any increase in *Estimated Financial Assistance* and/or FC is made or determined.
5. There is no dollar-amount tolerance for overawards for Stafford Loans or SLS's.
6. For an overaward, the school must return the amount of the overaward to the lender, or the school must return the entire disbursement to the lender and request that the lender re-issue the disbursement for the lesser amount for which the student is eligible (if any).
7. The school must send written notice to the lender with any returned disbursement (whole or partial) explaining the reason for the return.

Want to Know More? See:

The Federal Student Financial Aid HandbooK; "Dear Colleague" letters, GEN-89-58, December 1989, and GEN-90-33, September 1990; and the *Higher Education Act of 1965* as amended.

ENTRANCE AND EXIT INTERVIEWS

CSLP Ready Reference

ENTRANCE INTERVIEW. Except in the case of a correspondence school, a school shall conduct counseling with each Stafford Loan and SLS borrower--either in person or by videotape presentation. In each case, the school shall conduct this counseling prior to its release of the first disbursement of the proceeds of the first Stafford Loan or SLS made to the borrower for attendance at the school and shall ensure that an individual with expertise in the Title IV programs is reasonably available shortly after the counseling to answer the borrower's questions regarding those programs. A correspondence school shall provide the borrower with written counseling materials by mail prior to releasing those proceeds.

In conducting the *Entrance Interview*, the school must--

- ✓ Emphasize to the borrower the seriousness and importance of the repayment obligation the borrower is assuming;
- ✓ Describe in forceful terms the likely consequences of default including adverse credit reports and litigation; and
- ✓ In the case of a student borrower of a Stafford Loan or SLS (other than a loan made or originated by the school), emphasize that the borrower is obligated to repay the full amount of the loan even if the borrower does not complete the program, is unable to obtain employment upon completion, or is otherwise dissatisfied with or does not receive the educational or other services that the borrower purchased from the school.

EXIT INTERVIEW. A school shall conduct in-person *Exit Interview* with each Stafford Loan and SLS borrower shortly before the borrower ceases at least half-time study at the school, except that--

If the borrower withdraws from school without the school's prior knowledge, or fails to attend an *Exit Interview* session as scheduled, the school shall mail written counseling material to the borrower at the borrower's last known address within 30 days after learning that the borrower has withdrawn from school or failed to attend the scheduled session. In the case of a correspondence school, the school shall provide the borrower with written counseling materials by mail within 30 days after the borrower completes the program.

In conducting the *Exit Interview*, the school must--

- ✓ Provide the borrower with general information with respect to the average indebtedness of the students who have obtained Stafford Loan or SLS program loans for attendance at that school;
- ✓ Inform the student as to the average anticipated monthly repayment for those students based on that average indebtedness; (or the estimated balance owed by the borrower on Stafford Loan and SLS's and the average amount of a required monthly payment based on that balance);
- ✓ Review for the borrower available repayment options (i.e., loan consolidation, refinancing);
- ✓ Suggest to the borrower debt management strategies that the school determines would best facilitate repayment by the borrower;
- ✓ Include the matters indicated for the *Entrance Interview;* and

✔ Require that the borrower submit to the school the borrower's expected permanent address after leaving the school, regardless of the reason for leaving, the name and address of the borrower's expected employer after leaving the institution, and the address of the borrower's next of kin--the school shall then submit this information to the holder of the borrower's loan.[1]

APPENDIX D. *Title 34 of the Code of Federal Regulations, Part 668 Appendix D* contains additional recommendations by the U.S. Department of Education for entrance and exit counseling. Schools with high *Cohort Default Rates* are required to implement *Default Reduction Measures* which include such recommendations as those contained in this appendix.

DOCUMENTATION. The school shall maintain in the student borrower's file documents substantiating the school's compliance with conducting the entrance and exit interviews.

SUGGESTED COMPONENTS. The following illustration suggests the components for entrance and exit interviews with a core of information appropriate for both.

ENTRANCE

- Explore all sources of aid
- Stress constraints on aid
- Urge students to read and save all documents
- Describe consequences of multiple borrowing
- Review requirements for satisfactory progress
- Review school's refund policy
- Explain sale and servicing of loans

CORE

- Remind students to keep lender informed
- Review loan terms and conditions
- Provide general information on average student indebtedness
- Review student rights and responsibilities
- Review available repayment options
- Review deferment, forbearance and cancellation conditions
- Review consequences of delinquency and default
- Loan repayment required even if program is not completed or doesn't meet borrower's expectations
- Counsel on personal financial planning

EXIT

- Review loan repayment obligations
- Provide data on average anticipated monthly repayment
- Provide information on debt management strategies
- Provide name and address of borrower's lender
- Obtain borrower's current address, employer name and address, name and address of next of kin

Want to Know More? See:

Title 34 of the Code of Federal Regulations §682.604(f),(g); Part 668 Appendix D, *The Federal Student Financial Aid Handbook*, and the "Emergency Unemployment Compensation Act of 1991" [Public Law 102-164 which amends the Higher Education Act of 1965 §485(b)].

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[1] This requirement of the "Emergency Unemployment Compensation Act of 1991" [Public Law 102-164] has not been implemented through federal regulations as of the date of this reference.

ENTRANCE AND EXIT INTERVIEW FORM

CSLP Ready Reference

Borrower Name			*Social Security Number*	
School				
Loan Type	1. ☐ Stafford Loan	☐ SLS	2. ☐ Stafford Loan	☐ SLS
Lender Name, Address, & Phone				
Loan Amount & Interest Rate	$	% ☐ Adjustable ☐ Variable	$	% ☐ Adjustable ☐ Variable
Est. Mo. Payment & 1st Due Date	$		$	
Guarantee Agency	Colorado Student Loan Program (CSLP) One Denver Place, South Terrace 999 18th Street, Suite 425 Denver, CO 80202-2440		Customer Service Hotline: Phone: Fax:	1-800-727-9834 (303) 294-5050 (303) 294-5076

Loan Counseling This form is to acknowledge that the Financial Aid Administrator reviewed with me the terms and conditions of my Stafford Loan and/or Supplemental Loans for Students (SLS).

➡ *PLEASE INITIAL* *I UNDERSTAND THE FOLLOWING:*

Repayment ____ 1. I must repay my loan(s) with all the interest and deducted fees in full.

____ 2. I must repay my loan(s) even if I do not complete my education, am unable to find employment, or am dissatisfied with or do not receive the educational or other services that I purchased from the school (including if the school closes). My obligation to repay will be cancelled only if I die, become totally and permanently disabled, or file bankruptcy in some restricted cases.

____ 3. I have a maximum of 10 years to complete my repayment.

____ 4. Stafford Loan: My payments will begin after a grace period of six months.

____ 5. SLS: My payments will begin within 60 days of the last disbursement unless I have a deferment.

Interest Rate ____ 6. Stafford Loan: Interest will be charged beginning at the end of my grace period at an adjustable rate that will start at 8% then increase to 10% after my fourth year of repayment. (My interest rate and grace period may be different if I had my first loan prior to July 1, 1988.)

____ 7. SLS: Interest begins to accrue as of the disbursement date at a variable rate up to 12% and is subject to change each July 1. Also, my lender may add the interest that comes due between disbursements to my loan principal (capitalize), or I may pay this accrued interest.

Prepayment ____ 8. I may, without penalty, prepay all or any part of the principal of this loan at any time. If I do so, I will be entitled to a rebate of any unearned interest that I have paid.

Payment Schedule ____ 9. My payment(s) may be higher than the $50 monthly minimum for each loan depending upon how much I have borrowed. Sample repayment schedules are:

Stafford Loan Amount	Number of Payments	Monthly Payment	SLS Amount	Number of Payments	Monthly Payment
$2625	60	$53.23	$4000	60	$88.98
$5250	120	$63.70	$4000	120	$57.39
$9250	120	$112.23	$8000	120	$114.78
$17,250	120	$221.14	$12,000	120	$172.17
$54,750	120	$701.88	$20,000	120	$286.95

Changes to Tell Lender ____ 10. Within 10 days, I must notify my lender of any changes or corrections to my name, address, phone number, social security number, or if I change my graduation date, transfer to another school, withdraw, or enroll for less than half-time attendance.

Can't Make a payment? ____ 11. I must contact my lender in a timely manner before the due date of any payment I cannot make. My lender will ask CSLP to assist in collecting my loan if I am very late and do not arrange to pay.

Deferments ____ 12. If I meet certain requirements, I have the right to defer (postpone) payments on my loan. During a deferment, interest will be paid by the federal government on a Stafford Loan but not on an SLS. I may be eligible for all or some of the following deferments (I must check my Promissory Note for eligibility and details):

- Full-time (or Half-time study if I have borrowed again) at an eligible postsecondary school
- Study in a graduate fellowship program or school operated by the federal government.
- Unemployment,
- Active duty in the U.S. Armed Forces, Commissioned Corps of U.S. Public Health Service, or National Oceanic and Atmospheric Administration Corps,
- Internship,
- Volunteer in Peace Corps, ACTION Programs, or comparable full-time work for tax-exempt organization,
- Temporarily totally disabled, or caring for someone who is,
- Teaching full-time in a primary or secondary teacher shortage area,
- Mother of preschool age children earning no more than $1.00 over minimum wage, and
- Parental leave.

____ 13. I understand that I must request the deferment from my lender in a timely manner and complete the required paperwork in order to obtain a deferment, or I may lose my deferment eligibility.

Forbearance ____ 14. If I am willing but am financially unable to make payments, I may request the lender to allow me:

- A short time period without payments when interest accrues and may be capitalized,
- Payment of interest only, or
- A reduction in the size of my monthly payments.

____ 15. Forbearances are subject to the lender's approval and require a timely, written request to them.

Consolidation ____ 16. If I have at least $5000 in outstanding student loans, I may apply to have my loans consolidated--at the weighted average interest rate of the loans rounded to the a whole percentage point but never less than 9%. The primary advantage to loan consolidation is to increase the number of years over which I may repay the loans (for amounts greater than $7500) and/or to make only one payment. I understand I cannot add additional student loans to the consolidation loan.

Refinancing ____ 17. If I have a previous SLS at a fixed interest rate, I may have it refinanced to a variable rate.

Department of Defense Repayment ____ 18. Army personnel may have their loans repaid by the Secretary of Defense in accordance with Section 902 of the Department of Defense Authorization Act of 1981. Questions concerning this program should be addressed to: Commander, Military Personnel Center, DAPC-PLP, Alexandria, VA 22332. For each year I serve on Active Duty, the Army will pay one-third of the indebtedness or $1500, whichever is greater (or 15% or $500 for the Army Reserve).

Loan Sales & Servicers ____ 19. My lender may sell this loan (or transfer the promissory note) to another holder who will then receive my payments. All future correspondence would be sent to the new holder of my loan. My lender may also use an outside contractor to service my loan.

Late Charges ____ 20. My lender may charge late charges up to 6% of the payment if I am more than 10 days late.

Acceleration ____ 21. My lender may accelerate my loan (demand payment in full of the unpaid balance and accrued interest) if I fail to register or start school as planned, fail to use the loan proceeds solely for educational expenses at the school certifying the loan, make a false material statement in connection with the application or receipt of the loan, or am near default.

Default ____ 22. My loan will be declared in default if I fail to make monthly payments as scheduled for 180 days or I do not pay the entire amount if it is accelerated. CSLP will then buy my loan to collect from me.

Consequences of Default ____ 23. If I default, I may be subject to the following consequences:

- Damaged credit rating for at least 7 years,
- Loss of generous repayment schedule and deferment options,
- Possible seizure of federal and state income tax refunds due,
- Exposure to civil suit,
- Liability for collection costs,
- Possible referral of the account to a collection agency,
- Garnishment of wages, and
- Loss of eligibility for further Title IV student assistance (financial aid).

Debt Counseling ____ 24. To prevent a default, I must consider student loan payments as a major priority and establish a realistic budget. To budget, I subtract my monthly expenses, such as rent, food, utilities, loan payments, and other mandatory expenses, from my available income each month. I should not incur other costs if I cannot afford them. Assistance in personal budgeting is free through: Consumer Credit Counseling Service, 5250 Leetsdale Drive, Denver, CO 80222 (303) 399-3328.

Certification ____ 25. I understand the seriousness and importance of my repayment obligation, the consequences of default, including adverse credit reports and the possibility of litigation.

Borrower Signature for Entrance Interview	*Date*	*Borrower Signature for Exit Interview*	*Date*

LOAN REFERENCES AND TEST

CSLP Ready Reference

ADDITIONAL STUDENT LOAN REFERENCES

➥ **PLEASE PRINT and complete all 6 boxes below.**
IMPORTANT: Do not leave any space blank or include the same references for boxes 4, 5, and 6 that you used on your Stafford Loan and/or Supplemental Loans for Students (SLS) application(s).

BORROWER INFORMATION	
1. Your Name	Social Security Number
Current Street Address	Permanent Street Address
City, State Zip	City, State Zip
(Area Code) Phone	(Area Code) Phone
2. Name of Next of Kin	3. Name of Employer (or Expected Employer)
Street Address	Street Address
City, State Zip	City, State Zip
(Area Code) Phone	(Area Code) Phone
4. Name of Relative/Friend	5. Name of Relative/Friend
Street Address	Street Address
City, State Zip	City, State Zip
(Area Code) Phone	(Area Code) Phone
6. Name of Relative/Friend	**THANK YOU for completing these references.**
Street Address	
City, State Zip	
(Area Code) Phone	

ENTRANCE AND EXIT INTERVIEW: STUDENT LOAN TEST

TRUE FALSE

STAFFORD LOAN

☐ ☐ 1a. The interest rate on my Stafford Loan is 8% for the first four years of repayment then 10% thereafter for the remainder of the loan.
☐ ☐ 2a. The grace period on my Stafford Loan is 6 months.
☐ ☐ 3a. My first Stafford Loan payment will be due approximately on ______________.*

SUPPLEMENTAL LOANS FOR STUDENTS (SLS'S)

☐ ☐ 1b. The interest rate on my SLS is variable up to 12% and may change each July 1.
☐ ☐ 2b. There is no grace period for my SLS.
☐ ☐ 3b. My first SLS payment will be due approximately on ______________.*

BOTH STAFFORD LOAN AND SLS

☐ ☐ 4. If I fail to pay all or part of an installment payment when due, I may be subject to a late charge up to 6% after 10 days.
☐ ☐ 5. If I default on my loan, I may be liable and subject to charges, such as, the expenses reasonably incurred in an attempt by the lender or guarantee agency to collect the loan, including, attorney's fees.
☐ ☐ 6. If I default on my loan, I may be subject to the following consequences: 1) damaged credit rating for at least 7 years, 2) loss of generous repayment schedule and deferment options, 3) possible seizure of federal and state income tax refunds due, 4) exposure to civil suit, 5) liability for collection costs, 6) possible referral of the account to a collection agency, 7) garnishment of wages, and 8) loss of eligibility for further Title IV student assistance (financial aid).
☐ ☐ 7. If I meet certain requirements, I have the right to defer (postpone) payments on my loan. During a deferment, interest will be paid by the federal government on a Stafford Loan but not on an SLS. I must provide a written request to my lender.
☐ ☐ 8. I may defer payments on my loan if I am unemployed, attending full-time at an eligible school, in the military, and for other deferments listed in my promissory note.
☐ ☐ 9. If I am willing but am financially unable to make payments, I may request the lender to grant a forbearance to me, such as 1) a short time period without payments when interest accrues and may be capitalized, 2) payment of interest only, or 3) a reduction in the size of my monthly payments.
☐ ☐ 10. I must repay my loan(s) even if I do not complete my education, am unable to find employment, or am dissatisfied with or do not receive the educational or other services that I purchased from the school (including if the school closes). My obligation to repay will be cancelled only if I die, become totally and permanently disabled, or file bankruptcy in some restricted cases.

Your Signature ______________________ Date ______________

FOR SCHOOL USE ONLY:

PASS FAIL
☐ ☐ Obtain student's initials to acknowledge additional counseling in the event of failure:

Student Initials If Requested

School Official's Signature ______________________ Date ______________

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* The school enters this date. The first five questions are required under *Title 34 of the Code of Federal Regulations*, Part 668, Appendix D, for schools that must have default-reduction plans and have chosen this appendix (T/F format is optional).

SAMPLE REPAYMENT SCHEDULES

CSLP Ready Reference

ESTIMATED MONTHLY AMOUNTS FOR STAFFORD LOANS

8/10%

	5 Year Schedule		10 Year Schedule	
Amount	**Years 1-4**	**Year 5**	**Years 1-4**	**Years 5-10**
$ 2,625	$ 53.23	$ 53.78	n/a	n/a
5,000	101.39	102.43	$ 60.67	$ 64.52
7,500	152.08	153.66	91.00	96.79
10,000	202.77	204.90	121.33	128.20
17,250	349.77	353.49	209.29	221.14
25,000	506.21	512.27	303.32	320.49
54,750	1,110.14	1,121.94	664.27	701.88

8%

Amount	5 Year Schedule	10 Year Schedule
$2,625	$ 53.23	n/a
5,000	101.39	$ 60.67
7,500	152.08	91.00
10,000	202.77	121.33
17,250	349.77	209.29
25,000	506.21	303.32
54,750	1,110.14	664.27

9%

Amount	5 Year Schedule	10 Year Schedule
$2,625	$ 54.54	n/a
5,000	103.80	$ 63.34
7,500	155.69	95.01
10,000	207.59	126.68
17,250	357.47	218.52
25,000	518.96	316.69
54,750	1,136.54	693.55

7%

Amount	5 Year Schedule	10 Year Schedule
$2,625	$ 51.98	n/a
5,000	99.01	$ 58.60
7,500	148.51	87.09
10,000	198.02	116.11
17,250	341.58	200.29
25,000	494.33	290.28
54,750	1,084.11	635.70

ESTIMATED MONTHLY AMOUNTS FOR SLS'S AND PLUS LOANS

12%

Amount	5 Years	7 Years	8 Years	10 Years
$ 4,000	$ 88.98	$ 70.62	$ 65.02	$ 57.39
5,000	111.23	88.27	81.27	71.74
6,000	133.47	105.92	97.52	86.09
7,000	155.72	123.57	113.77	100.43
8,000	177.96	141.23	130.03	114.78
10,000	222.45	146.53	162.53	143.48
12,000	266.94	211.84	195.04	172.17
14,000	311.43	247.14	227.55	200.86
16,000	355.92	282.45	260.05	229.56
18,000	400.40	317.75	292.56	258.25
20,000	444.89	353.06	325.06	286.95

REPAYMENT OPTIONS FOR SLS'S AND PLUS LOANS

There are three repayment options for the Plus Loan or SLS borrower: **1**) begin repayment on both the principal and interest within 60 days of the final disbursement, **2**) defer the principal and pay only the interest that accrues on the account monthly or quarterly, or **3**) defer the principal and have the lender capitalize the interest during the deferment (This example capitalizes the interest at the end of the deferment period; a lender may choose to capitalize quarterly or annually which would increase the total amount paid). *Note: it is the lender's right to establish the terms of repayment including whether to require the borrower to pay interest monthly or capitalize the interest during a deferment.*

PAYMENT COMPARISON OF THE THREE OPTIONS: In these examples, the borrower received one $4000 loan for the student's education (freshman year) and the interest rate remained at 12% during the entire repayment. The repayment schedule is for 10 years. For options **2** and **3**, the period of deferment is for four years of education.

Option	Total Paid	Total Interest Paid	Monthly Interest Payment while Deferred	Interest Capitalized for Deferment	Monthly Principal and Interest Payment	Final Payment
1	$6,886.44	$2,886.44	n/a	n/a	$57.39	$57.03
2	8,686.44	4,686.44	$40.00	n/a	57.39	57.03
3	9,984.97	5,984.97	n/a	$1,800	83.22	81.79

Making regular Principal and Interest payments (Option **1**) is $1,800 less than deferring the principal and paying the interest during deferment (Option **2**) and $3,098.53 less than deferring the principal and having the interest capitalized during the deferment (Option **3**); Option **2** is $1,298.53 less than Option **3**.

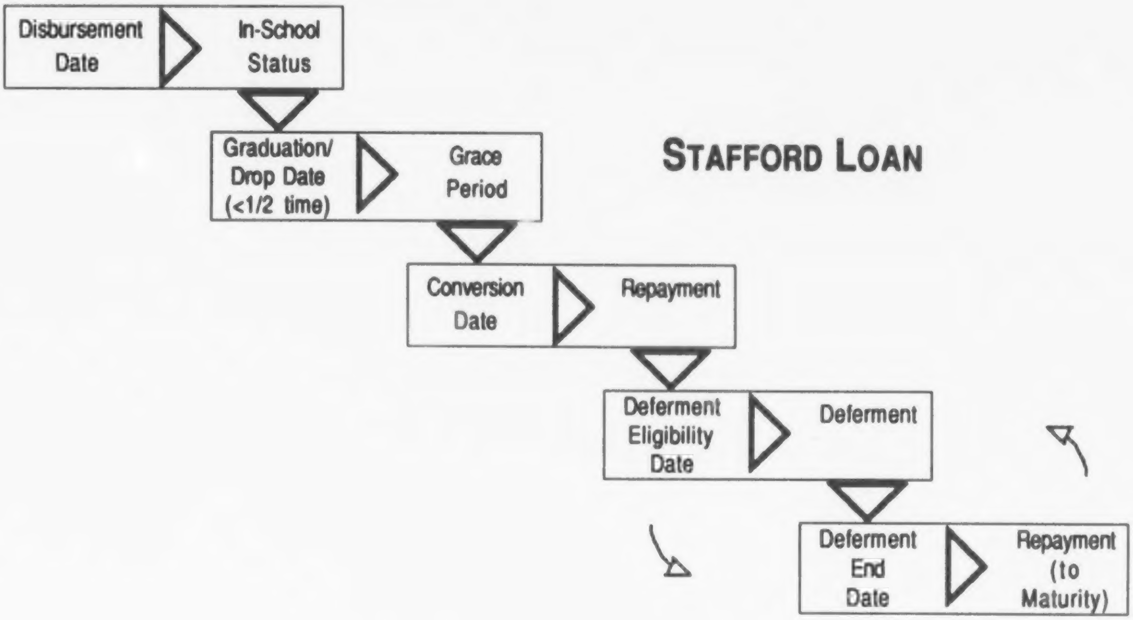
Want to Know More? See:

Title 34 of the Code of Federal Regulations, §682.202(a) and §682.604(g), and the *Higher Education Act of 1965*, as amended §428C(c)(1), §428A(d)(2), and §428B(d)(2).

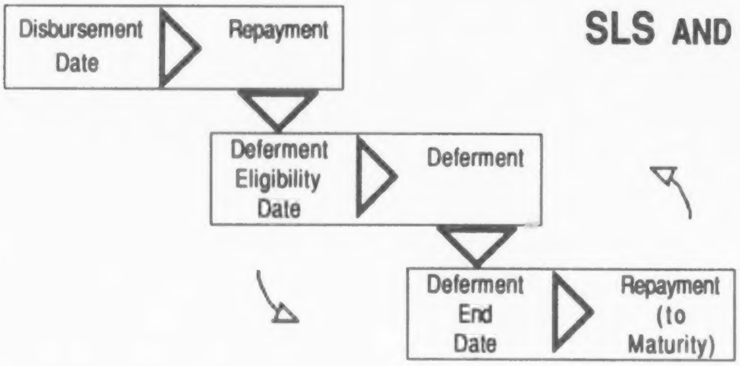
REPAYMENT FLOW CHART

CSLP Ready Reference

STAFFORD LOAN


Disbursement Date
In-School Status
Graduation/ Drop Date (<1/2 time)
Grace Period
Conversion Date
Repayment
Deferment Eligibility Date
Deferment
Deferment End Date
Repayment (to Maturity)

SLS AND PLUS LOAN


Disbursement Date
Repayment
Deferment Eligibility Date
Deferment
Deferment End Date
Repayment (to Maturity)

Periods of forbearance are processed as indicated for the deferments

STAFFORD LOAN. While attending school at least half time, the borrower's loan is classified as *In-school Status* provided the loan's grace period has never expired. This status means that the borrower does not enter immediate repayment (there are exceptions that include borrowers who commit fraud, are subsequently determined to be ineligible, or who do not start school after receiving the loan proceeds).

The *Grace Period* commences when the student borrower drops to below half-time attendance (i.e., graduates, or withdraws). New borrowers are entitled to a grace period of six months before making required payments on the loan. Lenders have the option of calculating the length of the grace period to the exact day (day-specific method), or lenders may calculate the length using whole months disregarding the exact day the borrower's attendance dropped below half-time in a month (month-specific method). In practice, the day-specific method calculates 180 days of grace plus one day from the date the student drops below half-time attendance for the date interest begins to accrue to the borrower. The month-specific method uses the last day of the sixth month (even if the student dropped earlier in a month than the last day) plus one day for the date interest begins to accrue to the borrower. This date that the interest begins to accrue and the grace period has expired is called the *Conversion Date*.

Gaps in enrollments may last as long as the grace period less one day, and the borrower will be entitled to the full six-month grace period upon re-enrolling in school at least half-time. A typical student does not use any portion of the grace period during summer breaks and is entitled to the full six-month grace period upon graduation.

The borrower is not required to make any payments while his or her loan is classified as in-school or in the grace period. On behalf of the borrower, the U.S. Department of Education pays the interest that comes due during these periods directly to the lender (these subsidies are known as *Interest Benefits).* Additionally, the government pays the lender a *Special Allowance* based upon the outstanding principal of the lender's loan portfolio, the loans' interest rates, loan categories based upon disbursement dates, and treasury-bill rates each quarter.

Once the grace period has expired, the loan is converted to *Repayment*. The borrower is responsible for principal and interest payments on the loan. Payments are usually due monthly. The first payment will be scheduled by the lender within 60 days of the expiration of the grace period.

If the borrower meets certain eligibility requirements, the payments may be deferred (postponed), and the federal government will resume *Interest Benefits* on the loan. During periods of *Deferment*, the borrower is not required to make any payments. Repayment resumes after the deferment period expires. The borrower is entitled to all deferment periods for which he or she may be eligible; accordingly, a borrower may re-enter a new deferment after having re-entered a repayment period from a previous deferment.

If the lender agrees or the law requires, the borrower may be eligible for a *Forbearance*. During a forbearance, the borrower is responsible for all interest that accrues; there are no *Interest Benefits*. A forbearance is a temporary suspension or reduction in payments usually due to hardship.

SLS OR PLUS LOAN. The borrower enters repayment *immediately*. There are no grace periods; hence, the first payment is due within 60 days of the last disbursement of the loan. The SLS or Plus Loan borrower may defer the loan if eligible while the student is in school. In contrast to the Stafford Loan, the borrower is always responsible for the interest that is due even during a deferment. Moreover, the *In-school Status* classification, when no payments are due for the Stafford Loan, is not applicable to these loans because of the immediate repayment. The deferment and forbearance options mentioned above are equally applicable to these loans.

SECTION III: THE SCHOOL, Enrollment Status

Tabular Table of Contents*

Tab Summary:

Different enrollment classifications and reporting requirements for changes to status are examined under this tab heading.

CSLP Ready References:

ORDER	TITLE	NUMBER	DATE	NEW ✓
1.	Enrollment Classifications	RR040	February 28, 1992	✓
2.	Reporting Enrollment Status Changes	RR036	February 28, 1992	✓
3.	Leaves of Absence	RR019	February 28, 1992	✓

Also see CSLP Ready References:

TITLE	LOCATION IN CSLP TRAINING MANUAL
Determining Withdrawal Dates	SECTION III: THE SCHOOL, Refunds

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* The *Tabular Table of Contents* establishes a recommended order for the *CSLP Ready References* inserted behind this tab heading. New and revised *CSLP Ready References* are designated with a (✓) in the NEW column. Revisions are designated by date. *CSLP Ready References* with older dates are obsolete but may be retained for historical reference.

ENROLLMENT CLASSIFICATIONS

CSLP Ready Reference

REGULATIONS:

§668.2 GENERAL DEFINITIONS [STUDENT ASSISTANCE GENERAL PROVISIONS]

ENROLLED	Enrolled: The status of a student who-- (a) Has completed the registration requirements (except for the payment of tuition and fees) at the institution he or she is attending; or (b) Has been admitted into a correspondence study program and has submitted one lesson, completed by him or her after acceptance for enrollment and without the help of a representative of the school.

§682.200 DEFINITIONS [FOR GUARANTEED STUDENT LOAN PROGRAMS]

FULL-TIME	Full-time student: (1) A student enrolled in an institution of higher education (other than a student enrolled in a program of study by correspondence) who is carrying a full-time academic workload as determined by the school under standards applicable to all students enrolled in that student's particular program. The student's workload may include any combination of courses, work, research or special studies, whether or not for credit, that the school considers sufficient to classify the student as a full-time student; or (2) A student enrolled in a vocational school (other than a student enrolled in a program of study by correspondence) who is carrying a workload of not less than 24 clock hours per week or 12 semester or quarter hours of instruction, or its equivalent.
HALF-TIME	Half-time student: A student who is enrolled in a participating school, is carrying an academic workload that amounts to at least one-half the workload of a full-time student, as determined by the school, and is not a full-time student.
CORRESPONDENCE	A student enrolled solely in an eligible program of study by correspondence is considered a half-time student.
THREE-QUARTER-TIME	Three-quarter-time enrollment status is not a required measurement for the Guaranteed Student Loan Programs.
UNDERGRADUATE	Undergraduate student: A student who is enrolled at a school in a course or program of study, at or below the baccalaureate level, that usually does not exceed four academic years, or is up to five academic years in length and is designed to lead to a first degree. A student enrolled in any other length program is considered an undergraduate student for only the first four academic years.

GRADUATE

Graduate or professional student: A student who--

(1) Is enrolled in a program or course above the baccalaureate level at an institution of higher education or is enrolled in a program leading to a first professional degree;

(2) Has completed the equivalent of at least three years of full-time study at an institution of higher education, either prior to entrance into the program or as part of the program itself; and

(3) Is not receiving Title IV aid as an undergraduate student for the same period of enrollment.

GRADE LEVEL

Grade levels are not defined in federal laws or regulations for Title IV financial assistance programs. However, grade levels should be consistent with the school's academic year and/or should reflect the school's full-time definition and satisfactory progress policy when appropriate.

An undergraduate student who has never attended school would be classified as a first-year student (freshman). Likewise, an undergraduate student for whom few,[1] if any, transfer credits were accepted would also be a freshman, regardless of any prior education required as a prerequisite. (If hours required as a prerequisite are not counted toward the completion of a program or included in the curriculum, then such hours cannot be used to determine grade level--the school must use only those hours in the actual program of study.) In order to be classified as a second-year student (sophomore), a student must complete at least as many hours as would be required of a full-time student in an academic year during the standard period of enrollment. However, for many schools, a student must take more than the minimum number of hours for full-time status to progress a grade level and to complete the program within the maximum time frame allowed for satisfactory progress.

For example, a school defines its academic year as two semesters and the summer term, but students generally attend only during the fall and spring as a standard period of enrollment. The school also defines full-time attendance as 12 hours per term, but most students take 15 hours each term in order to maintain satisfactory progress toward the completion of the program. Accordingly, the majority of full-time students complete 30 hours in an academic year. The school uses this information to determine grade level: in order to be classified as a sophomore, the student must have successfully completed at least 30 hours (but less than the number of hours necessary to be a junior, etc.). Similarly, a clock-hour school uses 900 hours as its academic year; a student must successfully complete 900 hours to progress each grade level (the full-time definition usually does not influence grade-level determination for clock-hour and credit-hour, non-term schools).

TEACHER CERTIFICATES

As an exception to standard grade-level determinations, a student in a teacher certification program may be classified as a fifth-year undergraduate student.

Want to Know More? See:

Title 34 of the Code of Federal Regulations §668.2 and §682.200. See §674.2, §675.2, §676.2, and §690.2 for Campus-Based and Pell Grant definitions of full-time, half-time, and three-quarter-time students.

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[1] The number of transferred credits is less than the number of credit hours the school would expect a full-time student to complete in an academic year. If the transfer credit exceed these expected hours, then the school may classify the student at a higher grade level depending upon the total number of transfer credits.

REPORTING ENROLLMENT STATUS CHANGES

CSLP Ready Reference

NOTICES TO LENDERS. A school must promptly notify the lender when the school discovers that a student, who has received a Stafford Loan or SLS or for whom a Plus Loan was obtained, has ceased to be enrolled on at least a half-time basis (or failed to enroll at least half-time) and the school does not expect to submit, within the next 60 days, its next *Student Status Confirmation Report (SSCR)*. For SLS's, the school must also report changes from full-time to half-time status. Such notices may be made by letter (or by CSLP's electronic network, *Connect)*.

SAMPLE WRITTEN NOTICE

Name and Address of School
Date
Name and Address of Lender

Student: ____________________
SSN: ____________________
Current Address: ____________________
____
Current Phone: (______)____________________

Dear Lender:

Please be informed of the following enrollment status change for this student:

☐ Never Started
☐ Dropped to Less Than Half-Time Status on Date: ____________
☐ Withdrew on Date: ____________*
☐ Graduated on Date: ____________
☐ Changed From Full-Time to Half-Time Status on Date: ____________

* Student did not return from a Leave of Absence From ____________ to ____________.

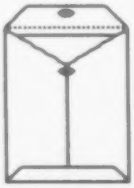
A refund is enclosed for $____________ for the student's ☐ Stafford Loan, ☐ SLS, or
☐ Plus Loan (Parent: ____________________ SSN: ____________________)

Sincerely, Name and Title

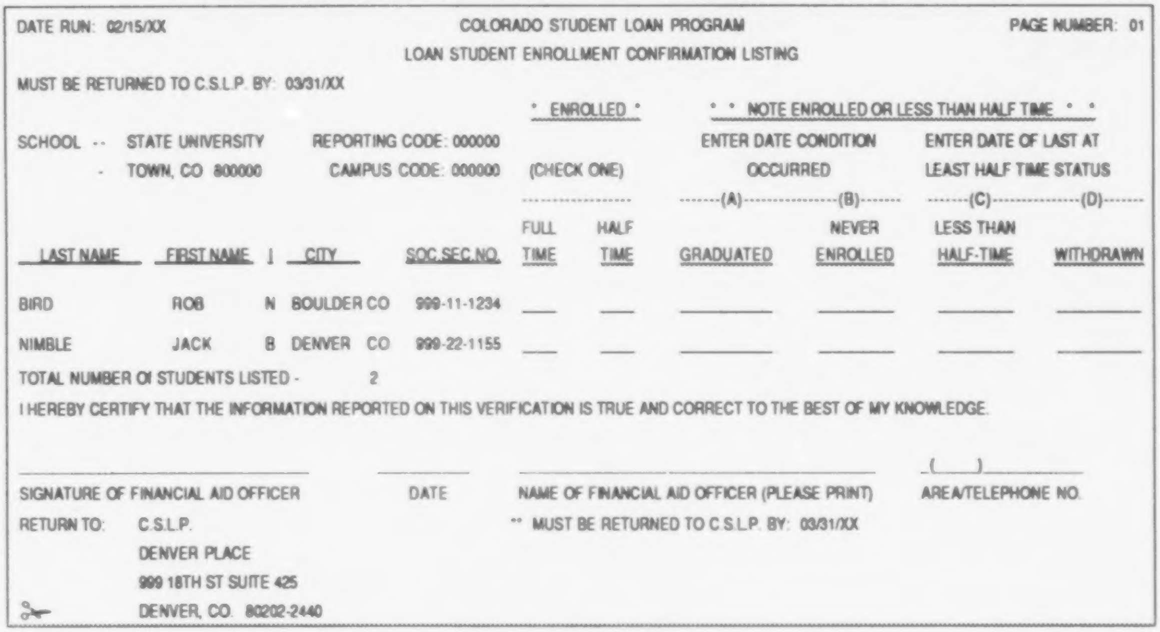
STUDENT STATUS CONFIRMATION REPORTS. SSCR's are sent to schools by the U.S. Department of Education and/or guarantee agencies to obtain current information on the enrollment status of students. The reports generally require the same information. CSLP's report is entitled *Student Enrollment Confirmation Listing* and asks the school to indicate if a student is enrolled either *Full Time* or *Half Time* or to indicate the date a student *Graduated, Never Enrolled,* dropped to *Less Than Half-Time* attendance, or had *Withdrawn* from classes. The school must enter one of these responses for each student listed on the report and specify the *enrollment status as of the date* the report is signed (i.e., if a school is completing an SSCR today for a student who graduated last week but is now re-enrolled on a half-time basis, the school checks *Half Time* and does not enter any date under *Graduated)*.

CSLP sends the SSCR twice a year:

DATE REPORT GENERATED	DUE DATE
Last week of February	March 31
Last week of September	October 31



SAMPLE OF COMPUTER GREEN-BAR REPORT AND SEPARATE INSTRUCTIONS



```
DATE RUN:  02/15/XX                              COLORADO STUDENT LOAN PROGRAM                                          PAGE NUMBER:  01
                                            LOAN STUDENT ENROLLMENT CONFIRMATION LISTING
MUST BE RETURNED TO C.S.L.P. BY:  03/31/XX
                                                             *  ENROLLED *        *  *  NOTE ENROLLED OR LESS THAN HALF TIME  *  *
SCHOOL --  STATE UNIVERSITY        REPORTING CODE: 000000                        ENTER DATE CONDITION       ENTER DATE OF LAST AT
        -  TOWN, CO  800000           CAMPUS CODE: 000000   (CHECK ONE)                OCCURRED             LEAST HALF TIME STATUS
                                                            ----------------   -------(A)------------(B)-------  -------(C)------------(D)-------
                                                            FULL     HALF                          NEVER        LESS THAN
  LAST NAME     FIRST NAME  I   CITY         SOC.SEC.NO.    TIME     TIME      GRADUATED         ENROLLED       HALF-TIME       WITHDRAWN

BIRD              ROB       N  BOULDER CO    999-11-1234    ____     ____      _________        ________        ________       ________

NIMBLE            JACK      B  DENVER   CO   999-22-1155    ____     ____      _________        ________        ________       ________
TOTAL NUMBER OI STUDENTS LISTED -       2
I HEREBY CERTIFY THAT THE INFORMATION REPORTED ON THIS VERIFICATION IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.


______________________________     _________     _____________________________________       _(____)__________
SIGNATURE OF FINANCIAL AID OFFICER      DATE      NAME OF FINANCIAL AID OFFICER (PLEASE PRINT)   AREA/TELEPHONE NO.
RETURN TO:    C.S.L.P.                            ** MUST BE RETURNED TO C.S.L.P. BY:  03/31/XX
              DENVER PLACE
              999 18TH ST SUITE 425
✂             DENVER, CO.  80202-2440
```

INSTRUCTIONS FOR COMPLETION OF ENROLLMENT CONFIRMATION LIST

Complete one status per student. The data you provide will be keypunched; therefore, all entries must be listed as month and year (MM/YY), except full-time or half-time status, which only requires a check mark. Complete and sign the confirmation report, retain one (1) copy for your records and return the original to the Colorado Student Loan Program. If the student status is:

1. **ENROLLED**: Check appropriate box. Student must be enrolled either *full-time* or *half-time.*
2. **GRADUATED**: Enter in Column "(A)" the month and year student graduated.
3. **NEVER ENROLLED**: If the student was scheduled to attend your school but never attended/enrolled, enter in Column "(B)" the month and year the student was supposed to begin attendance.
4. **LESS-THAN-HALF-TIME**: If the student is currently attending on a less-than-half-time basis, enter in Column "(C)" the month and year that the student last attended your school on at least a half-time basis.
5. **WITHDRAWN**: If the student withdrew, enter in Column "(D)" the month and year student ceased attendance.

> NOTE: The first *Leave of Absence* granted to a student loan borrower by your school in accordance with *Title 34 of the Code of Federal Regulations* §682.605(c) is not to be reported as an out-of-school period. Subsequent leaves or leaves not meeting the requirements of federal regulations must be reported as out-of-school periods. If the student has not returned following the leave, the school must report the date that student last attended on at least a half-time status.

If your school has more than 100 students on the confirmation listing and you wish to process this listing via tape exchange, please submit your request to CSLP.

WHEN SEPARATE NOTICES ARE REQUIRED. Due to the timing of CSLP's reports, schools are required to send separate notices to a lender if the status change occurs in April, May, June, July, November, and December. Changes that occur in January, February, March, August, September, and October may require a separate notice depending on when the confirmation reports are returned by the school.

Want to Know More? See:

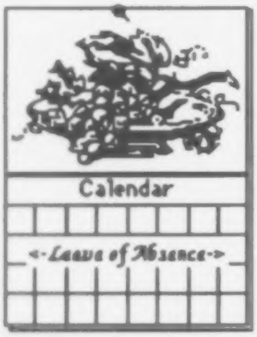
Title 34 of the Code of Federal Regulations §682.610.

LEAVES OF ABSENCE

CSLP Ready Reference

LEAVE OF ABSENCE (LOA). In some cases, a student may arrange to leave school temporarily with the intention of resuming the program at a later date. The regulations for the Guaranteed Student Loan Programs allow a *Leave of Absence* for the student under the following conditions:

- ☐ **WRITTEN REQUEST.** The student must request the *Leave of Absence* in writing. The student must sign a request for a *Leave of Absence.* A family member, school official, or other individual is not authorized to request a *Leave of Absence* on behalf of the student unless the person has the *power of attorney* for the student.
- ☐ **NO ADDITIONAL CHARGES.** The school may not charge the student for the *Leave of Absence.*
- ☐ **60 DAYS.** The *Leave of Absence* is limited to 60 days unless the following exception applies.
- ☐ **6 MONTHS.** A *Leave of Absence* may be greater than 60 days and for up to six months for:
  Next Start Date. A non-correspondence school whose *next* start date is more than 60 days after the *Leave of Absence* begins, or
  Medical Condition. The student provides the school with a written recommendation from a physician for a *Leave of Absence* of more than 60 days based on a medical condition. The medical condition must be that of the student rather than a family member or other individual for whom the student is caring.
- ☐ **12-MONTH PERIOD.** No more than one *Leave of Absence* may be granted for the same student in any twelve-month period.



EXTENSION OF AN LOA. Provided the above criteria are met, a school may extend a *Leave of Absence* up to its maximum time limits with another written request from the student if the original request does not provide for such an extension.

AN ABBREVIATED LOA. A school may allow a student to return prior to the scheduled end date of a *Leave of Absence.* The LOA is shortened to the date the student returns.

FAILURE TO RETURN FROM AN LOA. If the student fails to return from the *Leave of Absence*, the student is considered to have withdrawn from school as of the first day of the LOA. If a refund is due in this case, the refund must be paid within 30 days after the last day of the LOA. Note: The refund may appear to be late to the lender if they are not notified that the student did not return from an LOA.

WITHDRAWAL DURING AN LOA. If the student formally withdraws or his or her enrollment is otherwise terminated by the school during the *Leave of Absence* and prior to the LOA's scheduled expiration date, the LOA is abbreviated to the date of the withdrawal or termination, and the student is considered to have failed to return from the LOA. As above, the official withdrawal date is the date the LOA began. If a refund is due in this situation, the refund must be paid within 30 days after the abbreviated date the LOA ended. If the LOA is unapproved or revoked, a refund must be paid within 60 days of the date the official withdrawal date.

ENROLLMENT STATUS. During an approved *Leave of Absence*, the student is considered to be enrolled according to the enrollment status at the time the LOA began. For instance, if the student was a full-time student at the start of the LOA, the student is considered to be enrolled on a full-time basis during the LOA. Likewise, if the student was a half-time student at the start of the LOA, the student is considered to be enrolled on a half-time basis during the LOA. By exception, the enrollment status may be adjusted if the student officially changes status during the LOA. For example, the student changes from full-time to half-time or vice versa, or withdraws.

DELIVERY OF LOAN PROCEEDS DURING AN LOA. If a school delivers loan proceeds during a *Leave of Absence* and the student fails to return from the LOA, the amount of the proceeds may be considered to be a liability to the school since the proceeds were delivered after the student's official withdrawal date.

POLICIES AND PROCEDURES. If a school elects to grant *Leaves of Absence*, then it should establish written policies and procedures indicating the criteria for the administration, eligibility, and approval of *Leaves of Absence*.

SAMPLE FORM. A standardized form for requesting and approving a *Leave of Absence* is also recommended. The following sample contains the basic elements for an LOA:

LEAVE OF ABSENCE REQUEST

Name: ______________________ SSN: ______________

Address: ______________________

______________________ Phone: (   ) ______________

I, by my signature below, am requesting a *Leave of Absence(LOA)*. I understand that the granting of this request is not automatic and is subject to the approval of the school administrative personnel. I also understand that this *LOA* may not be longer than 60 days. By exception, when the school's next start date is greater than 60 days from the beginning of the *LOA*, or I provide a written recommendation from a physician for an *LOA* of more than 60 days based on my medical condition, the *LOA* may be up to six months. I understand I may request an extension to this LOA up to the maximum permissible time frame in accordance with the above. I am permitted only one *LOA* in any 12-month period of time.

I understand that this *Leave of Absence* may affect my eligibility for any financial aid that I have been awarded or for which I have applied. If I fail to return from this *LOA*, the school will withdraw me from school and will notify my Stafford Loan and/or SLS lenders as applicable, that my withdrawal date is the date my *LOA* began, and the grace period on my Stafford Loan will begin on that date. If I do not return to school, I understand that I am still responsible for paying the financial charges due to my attendance, and I must still repay any Stafford Loan or SLS received for my education.

I request this *Leave of Absence* for the following reason (please explain): ______________

____

____

I request that my *Leave of Absence* begin on: ___/___/___ and end on: ___/___/___

______________________ ______________
Student Signature Date

FOR SCHOOL USE ONLY:

Leave of Absence Request is ☐ approved as requested.
☐ declined. ☐ approved for the period: ___/___/___ to ___/___/___

______________________ ______________
Authorized Signature Date

Want to Know More? See:

The Federal Student Financial Aid Handbook and *Title 34 of the Code of Federal Regulations* 682.607.

SECTION III: THE SCHOOL, Refunds

Tabular Table of Contents[*]

Tab Summary:

The processes for determining and making refunds, including loans as attributed to payment periods, are examined under this tab heading.

CSLP Ready References:

ORDER	TITLE	NUMBER	DATE	NEW ✓
1.	Determining Withdrawal Dates	RR018	February 28, 1992	✓
2.	Attribution to Payment Periods	RR076	February 28, 1992	✓
3.	Refunds	RR077	February 28, 1992	✓
4.	Pro Rata Refunds	RR078	February 28, 1992	✓
5.	Refund Worksheet (Long Form)	RR079	February 28, 1992	✓
6.	Refund Worksheet (Short Form)	RR080	February 28, 1992	✓

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[*] The *Tabular Table of Contents* establishes a recommended order for the *CSLP Ready References* inserted behind this tab heading. New and revised *CSLP Ready References* are designated with a (✓) in the NEW column. Revisions are designated by date. *CSLP Ready References* with older dates are obsolete but may be retained for historical reference.

DETERMINING WITHDRAWAL DATES

CSLP Ready Reference

① DETERMINE WITHDRAWAL OR DROP-OUT DATE	② ATTRIBUTE TO PAYMENT PERIODS	③ CALCULATE REFUND AMOUNT	④ CALCULATE MINIMUM DUE TITLE IV	⑤ DISTRIBUTE REFUND TO TITLE IV

WITHDRAWAL DATE. The *Withdrawal Date* is the out-of-school date that the school uses when notifying the lender that the student has ceased to be enrolled in school. This date may be the exact month, day, and year or simply the month and year. This date is determined by regulation:

REGULATION:
§682.605 DETERMINING THE DATE OF A STUDENT'S WITHDRAWAL.

EARLIER OF STUDENT NOTICE OR SCHOOL DETERMINATION

... (b) The withdrawal date. (1) Except as provided in paragraphs (b)(2) and (b)(3) of this section, the student's withdrawal date is the earlier of--

(i) The date the student notifies the school of the student's withdrawal, or the date of withdrawal specified by the student, whichever is later; or

(ii) The date of withdrawal, as determined by the school.

LEAVE OF ABSENCE

(2) If the student has not returned to school at the expiration of a leave of absence approved under paragraph (c) of this section, the student's withdrawal date is the date of the first day of the leave of absence.

CORRESPONDENCE

(3) If the student is enrolled in a program of study by correspondence, the student's withdrawal date is normally 60 days after the due date of a required lesson that the student failed to submit in accordance with the schedule for lessons established under Sec. 682.602. However, if the student establishes in writing, within the 60-day period, a desire to continue in the program and an understanding that the required lessons must be submitted on time, the school may restore that student to in-school status for purposes of the loan made under this part. The school shall not grant the student more than one restoration to in-school status on this basis.

REPORTING MONTH & YEAR

(4) For the purpose of a school's reporting to a lender, a student's withdrawal date is the month and year of the withdrawal date determined under paragraphs (b)(1) through (b)(3) of this section.

The *Withdrawal Date* is used to calculate the student's refund or repayment when the student officially notifies the school that he or she is withdrawing from the program. However, this date may not be used if the student ceases attendance without completing any withdrawal procedures--the *Drop-Out Date* must be used.

DROP-OUT DATE. If the student leaves school without giving notice, the school must use the *Drop-Out Date* to determine the amount of a student's refund or repayment. For the Title IV programs, the *Drop-Out Date* is the student's last recorded day of attendance as documented by the school. For instance, if a school discovers that a student did not take final exams for the term, and the last documented day of attendance was the date of the mid-term examination, the date of the mid-term would be used to calculate the refund (if any) due to the student, and any repayment of aid that the student owes the school:

REGULATION:
§668.22 DISTRIBUTION FORMULA FOR INSTITUTIONAL REFUND AND FOR REPAYMENTS OF DISBURSEMENTS MADE TO THE STUDENT FOR NONINSTITUTIONAL COSTS.

DOCUMENTED LAST DATE OF ATTENDANCE

... (d) Drop out date. For purposes of this section, a student is considered to have dropped out on the last recorded date of class attendance by the student as documented by the institution.

The *Withdrawal Date* is still the date the school determines that the student is no longer enrolled and is reported to the lender though the *Drop-Out Date* is used to calculate any refund or repayment. However, the school may use and report the *Drop-Out Date* as the *Withdrawal Date.* [1] The school must have policies and procedures in place which assure that determinations of unofficial withdrawals are made.

If the school cannot document a *Last Date of Attendance*, then the school must process a refund as if the student withdrew prior to attending classes.

WITHDRAWAL BEFORE CLASS ATTENDANCE. If a student has received loan proceeds from the Stafford Loan or SLS programs but withdraws (officially or unofficially) before attending any classes (cancels), the school must determine if the student registered for classes. If the student registered but did not begin attending classes, the school must return to the lender any loan proceeds that were credited to the student's account, plus any loan proceeds that were paid directly to the student but were used by the student to pay school charges. This requirement includes any case in which the school cannot document that the student attended at least one class:

REGULATION:
§682.604 PROCESSING THE BORROWER'S LOAN PROCEEDS AND COUNSELING BORROWERS.

FAILURE TO REGISTER FOR CLASSES

... (c)(3) If the school determines that the student has not registered, the school shall return the loan proceeds to the lender within 30 days of this determination.

UNABLE TO DOCUMENT CLASS ATTENDANCE

(4) If a registered student withdraws or is expelled prior to the first day of classes of the period of enrollment for which the loan is intended, or if the school is unable to document that the student attended class during that period, the school shall return to the lender--

(i) Any loan proceeds credited directly by the school to the student's account; and

(ii) Any loan proceeds delivered to the student and subsequently paid by the student to the school.

LAST DATE OF ATTENDANCE. In calculating a refund, many accrediting commissions or state approval agencies require the school to use the student's actual, documented *Last Date of Attendance* regardless of when or if the student notified the school of his or her withdrawal or had a *Leave of Absence.*

Want to Know More? See:

Title 34 of the Code of Federal Regulations §668.22, §682.604, §682.605, and §682.607 and *The Federal Student Financial Aid Handbook.*

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[1] Please note, however, that in so doing any refund may appear to be late. A similar appearance may happen for a student who does not return from a *Leave of Absence (LOA)* if the school does not provide LOA information with its notice to the lender.

ATTRIBUTION TO PAYMENT PERIODS

CSLP Ready Reference

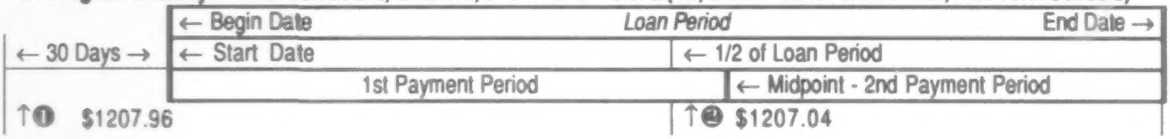
① DETERMINE WITHDRAWAL OR DROP-OUT DATE	② **ATTRIBUTE TO PAYMENT PERIODS**	③ CALCULATE REFUND AMOUNT	④ CALCULATE MINIMUM DUE TITLE IV	⑤ DISTRIBUTE REFUND TO TITLE IV

ATTRIBUTION TO PAYMENT PERIODS. A school is required to include only the amount of a GSL Program loan that is attributable to the *Payment Period* [1] in which the student withdraws when calculating the amount of the refund that must be returned to Title IV programs. A school must return to the lender any loan amounts attributable to subsequent *Payment Periods* that were used to pay for school charges even if no refund or repayment is required under the school's refund policy. In application, *Attribution to Payment Periods* means that the amount of the loans retained by the school for future *Payment Periods* within the loan period are technically "unearned". The school is responsible for returning such funds that it controls--the amount it has received for school charges. Accordingly, attributing the student's loans to *Payment Periods* is an important preliminary step that precedes any refund and repayment[2] calculation.

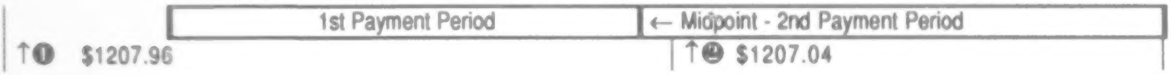
For *Attribution to Payment Periods,* the school uses the actual amount of disbursements after the origination fee and/or guarantee fee has been deducted or the net amount of a Stafford Loan or SLS (and Plus Loan if necessary). In determining the amount applied to school charges, the school subtracts any amounts credited to the student's account but subsequently given to the student for living expenses.

CASE STUDIES (❶ First Disbursement, ❷ Second Disbursement, ❸ Third Disbursement):

1. Program of Study without Semesters, Quarters, or Similar Divisions (I.e., Clock Hour or Credit Hour, Non-Term Schools)



For this $2625 Stafford Loan, the first disbursement of $1207.96 ($1313 gross) is attributable to the first *Payment Period,* and the second disbursement of $1207.04 ($1312 gross) is attributable to the second. Note that the second disbursement may arrive prior to the student's midpoint (i.e., prior to starting the 451st clock hour of a 900 clock hour program) because the number of *hours* required to complete the *Payment Period* may not correspond to the number of *calendar days* necessary for one-half of the *Loan Period* to elapse for the earliest permissible date for a second disbursement, or because the student may proceed at a faster or slower pace than anticipated. However, the midpoint date may also occur prior to the earliest date for a second disbursement:



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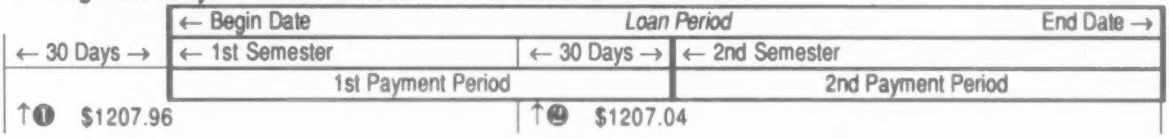
[1] *Payment Periods* usually correspond to semesters, quarters, trimesters, or at least one-half of the clock hours in the *Academic Year* or *Period of Enrollment;* however, other designations are possible. Cash payments and other financial aid (i.e., a private scholarship) may also be attributable to *Payment Periods* as well as GSL Program loans, except for *Pro Rata Refunds.*

[2] A *Repayment,* also called an *Overpayment,* is the amount of the cash disbursement that a student must pay back to the school if the student withdraws from the program and a school calculation indicated the cash disbursement (Title IV funds paid directly to the student) exceeds the amount the student would have needed for living expenses. Repayments are not applicable to the Stafford Loan, SLS, or Plus Loan programs.

If the second disbursement is credited to the student's account and the student drops prior to starting the second *Payment Period* (i.e., the 451st clock hour), the school must return the amount of the second disbursement as "unearned" or attributable to a *Payment Period* the student never entered, and the school may not count that amount in calculating any additional refund due or balance due for the student's account. Accordingly, the school would return $1207.04. If the student had received $300 of the loan proceeds for living expenses, the school would return $907.04.

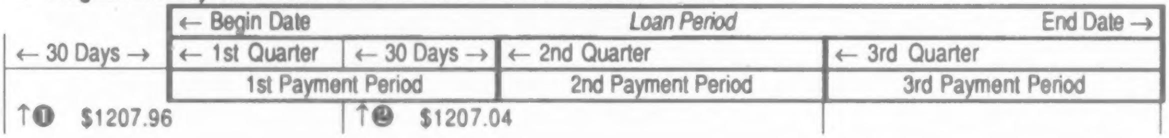
AMOUNT CREDITED TO STUDENT'S ACCOUNT	**$2415.00**
- AMOUNT GIVEN TO STUDENT FOR LIVING EXPENSES	**- 300**
= LOAN AMOUNT USED TO PAY SCHOOL CHARGES	**$2115.00**
- LOAN AMOUNT ATTRIBUTED TO PAYMENT PERIOD(S) THE STUDENT ATTENDED	**-1207.96**
AMOUNT RETURNED TO LENDER	**$907.04**

2. Program of Study with a *Loan Period* for Two Semesters or Similar Divisions


← Begin Date
Loan Period
End Date →
← 30 Days →
← 1st Semester
← 30 Days →
← 2nd Semester
1st Payment Period
2nd Payment Period
↑❶ $1207.96
↑❷ $1207.04

For this *Loan Period* covering two semesters, each disbursement is attributable to each semester. Since the second disbursement may be requested up to 30 days prior to the start of the second semester, the school may not retain any amount of the second disbursement credited to the student's account for school charges if the student does not start the second semester.

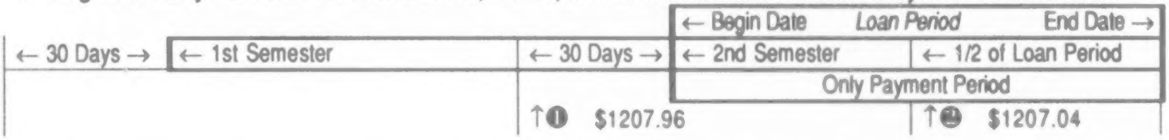
3. Program of Study with a *Loan Period* for Three Quarters or Similar Divisions


← Begin Date
Loan Period
End Date →
← 30 Days →
← 1st Quarter
← 30 Days →
← 2nd Quarter
← 3rd Quarter
1st Payment Period
2nd Payment Period
3rd Payment Period
↑❶ $1207.96
↑❷ $1207.04

For this *Loan Period* covering three quarters, two disbursements are attributable to three quarters. Since the full amount to be disbursed is $2415 (net), the school divides this amount by three to determine the amount attributable to each quarter ($805). If the loan is fully disbursed and credited for school charges and the student does not start the second quarter, the school must return $1610 ($805 + $805) which represents the amounts for the second and third quarters. If, in the same situation, the student completed two quarters but did not start the third, the school would return $805 as "unearned". Note: A school may request three disbursements to correspond to the amounts attributable to each quarter:

| ↑❶ $805.00 | ↑❷ $805.00 | ↑❸ $805.00 |

4. Program of Study with More Than One Semester, Quarter, or Similar Division. *Loan Period* is Only for One Such Division.


← Begin Date
Loan Period
End Date →
← 30 Days →
← 1st Semester
← 30 Days →
← 2nd Semester
← 1/2 of Loan Period
Only Payment Period
↑❶ $1207.96
↑❷ $1207.04

Because the *Loan Period* covers a semester which is also a single *Payment Period*, the full amount ($2415) is attributable to the single semester though the loan is made in two disbursements.

Want to Know More? See:

Title 34 of the Code of Federal Regulations §668.22, "Dear Colleague" letter GEN-88-32, September 1988, and *The Federal Student Financial Aid Handbook*.

REFUNDS

CSLP Ready Reference

① DETERMINE WITHDRAWAL OR DROP-OUT DATE	② ATTRIBUTE TO PAYMENT PERIODS	③ CALCULATE REFUND AMOUNT	④ CALCULATE MINIMUM DUE TITLE IV	⑤ DISTRIBUTE REFUND TO TITLE IV

REFUND. A *Refund* represents the difference between the amount the student paid towards school charges for the payment period (including financial aid and/or cash payments) minus the amount the school keeps for the portion of the *Payment Period* that the student was enrolled. The actual amount of the school's refund to the student is determined according to the school's policy. However, if the school has a *Cohort Default Rate* over 30%, the school must use a *Pro Rata* refund policy as defined in regulations. A school must have a fair and equitable refund policy[1] for students who withdraw, drop out, or are expelled, and must apply the policy to all student aid recipients.

REQUIRED REFUND CALCULATIONS. A school must calculate and return a portion or all of a refund to Title IV programs for any student who withdraws after receiving Title IV assistance (other than CWS) even if the school has a policy that refunds are only given to students who request them.

BASED ON AMOUNT PAID. The refund amount used in the formula should be based on the *actual* amount the school would return to the student under its policy. If the student had only paid a portion of the school charges at the time of withdrawal, the unpaid charges are not considered part of the refund. For instance, a school might owe a refund of $2000 (out of a total tuition and fee charge of $2500--amount retained by the school is $500) to the student, based on its written policy. However, if the student only paid $1800 of the original $2500 due, the school would only refund $1300 for the student. It is the $1300 that is used in the refund formula.

TUITION & FEES	$2500	AMOUNT PAID BY STUDENT	$1800
- AMOUNT RETAINED BY SCHOOL	- 500	- AMOUNT RETAINED BY SCHOOL	- 500
REFUND AMOUNT	$2000	REFUND AMOUNT (IF POSITIVE)	$1300
	✗	OR BALANCE DUE (IF NEGATIVE)	✓

PAYMENT PERIOD: STAFFORD LOAN AND SLS. The school uses the actual loan amount attributable to that *Payment Period* [after the origination fee and insurance premium (guarantee fee) have been deducted] for a Stafford Loan or SLS when calculating the amount paid toward school charges.

PAYMENT PERIOD: FINANCIAL AID AND CASH PAYMENTS. The amount paid by the student for school charges only includes financial aid payments or cash payments for school charges attributed to the *Payment Period* during which the student withdraws. In some cases, the amount paid for school charges for the payment period may be less than the total amount credited towards school charges at the time the student withdraws. For example, if the student received an outside scholarship of $1000 during the first *Payment Period* and then withdrew, the school must assume that the scholarship was intended for the full academic year unless the terms of the scholarship make it clear that it was intended entirely as aid for the first *Payment Period*. If the scholarship was used to pay the student's charges for that *Payment Period*, only the $500 of the scholarship that is attributable to that *Payment Period* may be considered when counting the charges paid. Similarly, for a school that charges the student at the beginning of the *Academic Year* or *Period of Enrollment*, any cash payments the student makes towards school charges must be considered to have been made for the full *Academic Year*. Only the amount of the student's payment that is attributable to the *Payment Period* in which the student withdrew may be counted when figuring the amount of school charges that were paid at the time of withdrawal. If the school charges the student by the *Payment Period*, then the student's cash payment would be presumed to be made only for that *Payment Period*, and the full amount would be counted in charges paid.

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[1] To be considered equitable, a refund policy must be consistent with the specific refund standards approved by the school's nationally recognized accrediting agency and approved by the U.S. Department of Education (USDE). The policy must also conform to any state laws governing refunds. If such standards do not exist, then the school's policy must conform to the standards established by the National Association of College and University Business Officers (NACUBO), or meet other standards established by the higher education community and approved by USDE.

① **DETERMINE** WITHDRAWAL OR DROP-OUT DATE	② **ATTRIBUTE** TO PAYMENT PERIODS	③ **CALCULATE** REFUND AMOUNT	**④ CALCULATE MINIMUM DUE TITLE IV**	⑤ **DISTRIBUTE** REFUND TO TITLE IV

TITLE IV SHARE OF THE REFUND. If a refund is due to a student under the school's refund policy and the student received any Title IV funds (except CWS), part of the refund must be returned to the Title IV programs involved. The following formula is used to determine the minimum amount due Title IV:

$$\text{REFUND} \times \frac{\text{TOTAL TITLE IV FOR PAYMENT PERIOD}^{2}}{\text{TOTAL AID FOR PAYMENT PERIOD}^{2}} = \text{AMOUNT DUE TITLE IV}$$

① **DETERMINE** WITHDRAWAL OR DROP-OUT DATE	② **ATTRIBUTE** TO PAYMENT PERIODS	③ **CALCULATE** REFUND AMOUNT	④ **CALCULATE** MINIMUM DUE TITLE IV	**⑤ DISTRIBUTE REFUND TO TITLE IV**

DISTRIBUTION POLICY. The school must have a written policy describing how the refund will be distributed among the Title IV programs that were part of the student's aid package. This policy must be consistently applied to all Title IV recipients. Funds returned to any Title IV program may not exceed those disbursed from that program. The school develops its own policy.[3]

TIMELY REFUND. A school must pay a GSLP refund within 60 days[4] after the earliest of the 1) student's withdrawal when the student notifies the school, 2) expiration of the academic term (i.e., semester, quarter, or trimester) in which the student withdrew and the school had to determine the withdrawal date, 3) expiration of the period of the enrollment for which the loan was made, or 4) the date on which the school makes a determination that the student has withdrawn. For a student who does not return to school at the expiration of an approved *Leave of Absence*, the school must pay a refund within 30 days after the last day of the *Leave of Absence*.

Want to Know More? See:

Title 34 of the Code of Federal Regulations §668.22, §682.605 and §682.607, "Dear Colleague" letter GEN-89-58, December 1989; and *The Federal Student Financial Aid Handbook*.

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[2] Exclude CWS and other work programs funds. Use the gross amounts for GSL Program Loans.

[3] The school must establish a clear order (and/or percentage) between the Title IV programs (and exclude CWS). For example, the school may not indicate it will refund *1. SLS/Plus Loan, 2. Stafford Loan* because there is no distinction between SLS's and Plus Loans. However, *1. SLS, 2. Stafford Loan, 3. Plus Loan* is acceptable. A separate policy may be required for state-funded programs (Note: the *Colorado Student Incentive Grant* is a federal program for Title IV refunds).

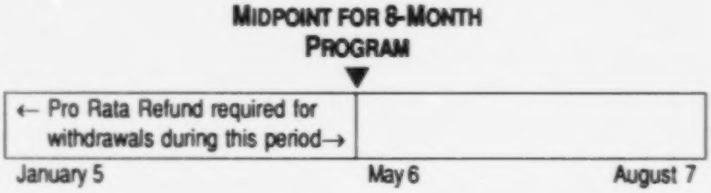
[4] The school must also adhere to the accrediting agency or state approval agency if fewer days are permitted, such as 30 days. For the Pell Grant, SEOG, ICL, and Perkins Loan programs, a school must refund the federal portion within 30 days.

PRO RATA REFUNDS
CSLP Ready Reference

COHORT DEFAULT RATE. Schools with *Cohort Default Rates* that are greater than 30% are required to use a *Pro Rata Refund* for a student who withdraws within the required time frame and who receives a loan of the GSL Program.[1]

TIME FRAMES. For programs scheduled to last 12 months or less, a school must calculate a *Pro Rata Refund* for a student who receives a GSL and who withdraws before the halfway point of the program. The withdrawal date is defined as the last recorded day that the student attended the school. The halfway point is measured in calendar time, based on the scheduled length of the program. For example, if a 900 clock hour program is schedule to last 8 months, the midpoint of the program would come four months after the program begins.

A student whose last recorded day of attendance was in the fifth month of the program would not be entitled to a pro rata refund, regardless of the hours the student had actually attended.


MIDPOINT FOR 8-MONTH PROGRAM
← Pro Rata Refund required for withdrawals during this period→
January 5
May 6
August 7

If the program is longer than 12 months, *Pro Rata Refunds* are only required for GSL recipients who withdraw in the first 6 months of the program. Thus, students who are enrolled in a two-year associate degree program or a four-year baccalaureate program are only entitled to a Pro Rata Refund if they withdraw within the first six months of their first year in the program. A student who withdraws after the *Pro Rata Refund* period is subject to the school's normal refund policy.

PRO RATA REFUNDS. Under a *Pro Rata Refund* policy, a school is only entitled to retain the amount of school charges (tuition, fees, room, board, etc.) that is proportional to the portion of the enrollment period that was completed by the student. If the school charges a student directly for books and supplies (either on a term-by-term basis or as a one-time program charge) and requires the student to buy the books and supplies from the school, those charges are included in the pro rata calculation.

The percentage of the *Period of Enrollment* that the student completed is based on the following:

CREDIT HOURS: total weeks the student attended in the *Period of Enrollment*
CLOCK HOURS: hours the student completed during the *Period of Enrollment* for which tuition and fees were charged (Excused absences under the school's written policy may be included in the hours the student completed.)
CORRESPONDENCE PROGRAMS: total number of lessons completed in the *Period of Enrollment*

If the program charges by academic term, then the *Period of Enrollment* used for the pro rata calculation is the academic term. For instance, if a student completes the fall quarter at a community college but withdraws after attending two weeks in the winter quarter, the *Pro Rata Refund* would be based on the two weeks the student attended out of the total weeks in the winter quarter only.

The percentage of attendance is rounded up to the nearest 10%. This percentage is then multiplied by the school charges for the enrollment period, and the following amounts may be added to the result for the maximum amount retained by the school:

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[1] For the 1990-91 award year, other Title IV programs were also under pro rata. However, this provision is no longer in effect.

ADMINISTRATIVE FEE: not to exceed $100, or 5% of the total school charges, whichever is less
EQUIPMENT: the documented cost to the school of any equipment that was issued to the student but was not returned by the student

In the case of equipment that is issued to the student which would be re-issued by the school to another student, the school must be sure to notify the student of the requirement to return the equipment. The school must notify the student in writing before enrollment that the student will be required to return the equipment in the event the student withdraws. The school must request the return of the equipment in writing within 10 days of the student's last day of attendance and must allow the student 10 days after receiving the request to return the equipment.

SCHOOL'S REFUND POLICY. If the school's policy would result in a larger refund to the student, the school must use that policy instead of the *Pro Rata Refund* policy to make a refund.

STEPS TO DETERMINE REFUND TO STUDENT

❶ Determine if the student had reached the half-way point of the *Period of Enrollment* for which the student was charged as measured in calendar time, or six months had elapsed since the student began. If yes, use school's refund policy. If no . . .

❷ Calculate a student's refund according to the school's refund policy *and* a *Pro Rata Refund:*

% OF ATTENDANCE IN PERIOD OF ENROLLMENT FOR WHICH CHARGED			**CHARGES FOR TUITION, FEE, ETC.**		**ADMINISTRATIVE FEE[2]**		**EQUIPMENT NOT RETURNED[3]**
> 0%	to	10%	10%	+	$100	+	$
>10%	to	20%	20%	+	$100	+	$
>20%	to	30%	30%	+	$100	+	$
>30%	to	40%	40%	+	$100	+	$
>40%	to	50%	50%	+	$100	+	$
>50%	to	60%	60%	+	$100	+	$
>60%	to	70%	70%	+	$100	+	$
>70%	to	80%	80%	+	$100	+	$
>80%	to	90%	90%	+	$100	+	$
>90%	to	100%	100%				

❸ Compare the school's refund policy results to the *Pro Rata Refund* results and refund the amount most favorable to the student.

EXAMPLE: A student was charged $3000 for tuition, fees, and books, and completed 21% before the half-way point or six months. Student's account is paid in full.[4]

	PRO RATA REFUND:	$3000 x 30% + $100 =	$1000 Retained by School	$2000 Refunded
✓	SCHOOL'S REFUND POLICY:	$3000 x 25% + $150 =	$900 Retained by School	$2100 Refunded

(School refunds $2100 based on its policy because it produces a larger refund.)

Want to Know More? See:
Title 34 of the Code of Federal Regulations §682.606 and *The Federal Student Financial Aid Handbook.*

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[2] Or 5% if less.

[3] The equipment charge is the documented cost to the school only, not what the school charges the student.

[4] If the student's account was not paid in full, use the actual amounts paid to determine a refund or balance due. Cash payments are not attributed to *Payment Periods* for pro rata refunds.

REFUND WORKSHEET (LONG FORM)

CSLP Ready Reference

School		Program	Start Date
Student Name	SSN	Drop-Out Date	Withdrawal Date

STEP 1 AMOUNTS ATTRIBUTED TO PAYMENT PERIOD(S) ATTENDED

	Net Amount for Loan Period/Enrollment		# of Payment Periods in Loan Period/Enrollment		Amount per Payment Period		# of Payment Periods Attended		Amount for Payment Period(s) Attended
SLS/Plus Loan	$	÷		=	$ 1a	x		=	$ 1e
Stafford Loan	$	÷		=	$ 1b	x		=	$ 1f
Other Aid:	$	÷		=	$ 1c	x		=	$ 1g
Cash Payments	$ 1pr	÷		=	$ 1d				

STEP 2 AMOUNTS TO RETURN TO LENDER/SOURCE DUE TO ATTRIBUTION TO PAYMENT PERIOD(S)

	Amount Credited to Student Account		Amount Given for Living Expenses		Amount Used to Pay School Charges		Amount for Payment Period(s) Attended		Amount to Return to Lender/Source (If +)
SLS/Plus Loan	$	-	$	=	$	-1e▶	$	=	$ 2a
Stafford Loan	$	-	$	=	$	-1f▶	$	=	$ 2b
Other Aid:	$	-	$	=	$	-1g▶	$	=	$ 2c

STEP 3 AMOUNTS FOR PAYMENT PERIOD IN WHICH STUDENT WITHDREW

	Gross Amounts Awarded for Payment Period		Net Amount for Payment Period		Given for Living Expense for Payment Period		GSL's for Living Expense for Pay. Period		Paid to School for Payment Period
Pell Grant	$			-	$			=	$
SEOG	$			-	$			=	$
Perkins Loan	$			-	$			=	$
SLS/Plus Loan	$	1a▶	$			-2a▶	$ +	=	$
Stafford Loan	$	1b▶	$			-2b▶	$ +	=	$
CSIG (SSIG)	$			-	$		▲	=	$
Total Title IV	$ 3a						For 2a, 2b, & 2c		
CSG	$			-	$		(If+) Use 0	=	$
UMS	$			-	$		(If-) Enter as +	=	$
Colorado Aid:	$			-	$			=	$
Total State Aid	$ 3b								
Other Aid:	$	1c▶	$	-2c▶	$ +		▲	=	$
Other Aid:	$		$	-	$			=	$
Cash Payments	▶				▶		1d▶		$
Total Aid	$ 3c		Total Cash Disbursements		$ 3d		Total Payments		$ 3e

STEP 4 AMOUNT RETAINED BY SCHOOL (Charges Based on School Refund Policy)

Attended	hrs/wks	Tuition/Fees	$	x	%	=	$
	+	Bks & Sup/Rm & Brd	$	x	%	=	$
Total	hrs/wks	Other:					$
Percent Attended	%	Total Charges	$		Total Amount Retained		$ 4

STEP 5 REFUND FOR PAYMENT PERIOD (If +) 3e-4▶ $ 5

STEP 6	Refund 5▶ $	x Title IV Aid 3a▶ $	= TITLE IV REFUND	$ 6
	(Pro Rata: Use 5a if 4a < 4)	+ Total Aid 3c▶ $		
STEP 7	Refund 5▶ $	x Colorado Aid 3b▶ $	= STATE AID REFUND	$ 7
	(Pro Rata: Use 5a if 4a < 4)	+ Total Aid 3c▶ $		

STEP 8 Total Paid for School Charges	$	-2a-2b-2c (If +) = ADJ. AMOUNT PAID ▶	$ 8
STEP 9 TOTAL REFUND (If+) 8-4 (PR: ▼)▶	$ + 9	Omit 2c if its terms & conditions do not indicate Payment Periods.	
BALANCE DUE (If-) 8-4 (Pro Rata: -4a if < 4)▶	$ -	9-6-7 = OTHER/STUDENT REFUND DUE ▶	$

STEP 10 DISTRIBUTE REFUND (Exclude CWS and Other Work Programs)

1. Perkins Loan	$	Attribution	Refund	1. CSG	$
2. SLS	$	=(2a▶ $	+ $)	2. UMS	$
3. Stafford Loan	$	=(2b▶ $	+ $)	3. Colorado Aid:	$
4. Plus Loan	$	=(2a▶ $	+ $)		
5. SEOG	$	(2c▶ $	+ $) =	Other Aid:	$
6. CSIG (SSIG)	$	▲ (If +)		Other Aid:	$
7. Pell Grant	$	Omit 2c if applicable		Student	$

STEP 11 REPAYMENT FOR PAYMENT PERIOD (NOT APPLICABLE FOR CWS/GSL's)

Book/Supplies $

Other Noninstitutional Costs: $

Living Expense $ x mos/wks attended + mos/wks in Payment Period = $

Total Incurred $ 11a

Total Cash Disbursements 3d▶ $

REPAYMENT DUE (If +) 11-3d▶ $ 11b

ST[illegible]2 TITLE IV REPAYMENT 11b x 3a + 3c▶ $

STEP 13 STATE AID REPAYMENT 11b x 3a + 3c▶ $

STEP 14 DISTRIBUTE REPAYMENT (Exclude CWS, Other Work Programs, and GSL's)

1. Perkins Loan	$	1. CSG	$	Other Aid:	$
2. SEOG	$	2. UMS	$	Other Aid:	$
3. CSIG (SSIG)	$	3. Colorado Aid:	$		$
4. Pell Grant	$				

School Official's Signature	Date

STEP 4a AMOUNT RETAINED BY SCHOOL BASED ON PRO RATA REFUND (For Schools with *Cohort Default Rates* > 30%)

Completed hrs/wks Total Charges $ x % = $

+ Actual Cost of Equipment Not Returned by Student $

Total hrs/wks Administrative Fee: $100 or 5% of Charges if Less $

Percent Attended % (% Rounded to Upper 10% = Amt. Retained) Total Amount Retained $ 4a

STEP 5a REFUND (If +) 3e-1d+1pr-4a▶ $ 5a

DIRECTIONS: Exclude *Other Aid* in STEPS 1 and 2 if its terms and conditions indicate it is for the *Payment Period* in which the student withdrew. NOTE: The school may have a policy that refunds more than the minimum due Title IV. PRO RATA REFUNDS: Insert STEPS 4a and 5a after STEP 5. Use *actual hours* (or weeks) *completed* if missed hours are required to be made up; do not use *possible or available hours.* The percent attended may be different for STEP 4a than for STEP 4.

REFUND WORKSHEET (SHORT FORM)

CSLP Ready Reference

School		Program	Start Date
Student Name	SSN	Drop-Out Date	Withdrawal Date

STEP 1 AMOUNTS ATTRIBUTED TO PAYMENT PERIOD(S) ATTENDED

	Net Amount for Loan Period/Enrollment		# of Payment Periods in Loan Period/Enrollment		Amount per Payment Period		# of Payment Periods Attended		Amount for Payment Period(s) Attended
SLS/Plus Loan	$	+		=	$ 1a	x		=	$ 1d
Stafford Loan	$	+		=	$ 1b	x		=	$ 1e
Other Aid:	$	+		=	$ 1c	x		=	$ 1f

STEP 2 AMOUNTS TO RETURN TO LENDER/SOURCE DUE TO ATTRIBUTION TO PAYMENT PERIOD(S)

	Amount Credited to Student Account		Amount Given for Living Expenses		Amount Used to Pay School Charges		Amount for Payment Period(s) Attended		Amount to Return to Lender/Source (If +)
SLS/Plus Loan	$	-	$	=	$	-1d▶	$	=	$ 2a
Stafford Loan	$	-	$	=	$	-1e▶	$	=	$ 2b
Other Aid:	$	-	$	=	$	-1f▶	$	=	$ 2c

STEP 3	Total Amount Paid	$	-2a-2b-2c (If +) = ADJUSTED AMOUNT PAID▶	$ 3

STEP 4 AMOUNT RETAINED BY SCHOOL (Charges Based on School Refund Policy)

Attended	hrs/wks	Tuition/Fees	$	x	%	=	$
+		Bks & Sup/Rm & Brd	$	x	%	=	$
Total	hrs/wks	Other:					$
Percent Attended	%	Total Charges	$		Total Amount Retained		$ 4

STEP 5	REFUND (If +) 3-4▶	$ + 5	BALANCE DUE (If -) 3-4▶	$ -

STEP 6 AMOUNTS FOR PAYMENT PERIOD IN WHICH STUDENT WITHDREW

	Gross Amounts Awarded for Payment Period		Given for Living Expense for Payment Period
Pell Grant	$		$
SEOG	$		$
Perkins Loan	$		$
SLS/Plus Loan	$		
Stafford Loan	$		
CSIG (SSIG)	$		$
Total Title IV	$ 6a		
CSG	$		$
UMS	$		$
Colorado Aid:	$		$
Total State Aid	$ 6b		
Other Aid:	$		$
Other Aid:	$		$
Total Aid	$ 6c	Total Cash Disbursements	$ 6d

Skip STEP 6 if there is no *State Aid* received and no *Other Aid* attributed in STEP 1. Enter Refund in STEP 5 (or STEP 5a if 4a < 4. Pro Rata Refunds) for Title IV Refund in STEP 7.

STEP 7 Refund 5▸ $ ______ x Title IV Aid 6a▸ $ ______ = TITLE IV REFUND $ ______ 7
(Pro Rata Refund: Use 5a if 4a < 4) ÷ Total Aid 6c▸ $

STEP 8 Refund 5▸ $ ______ x Colorado Aid 6b▸ $ ______ = STATE AID REFUND $ ______ 8
(Pro Rata Refund: Use 5a if 4a < 4) ÷ Total Aid 6c▸ $

STEP 9 DISTRIBUTE REFUND (Exclude CWS and Other Work Programs)

			Attribution		Refund				
1. Perkins Loan	$							1. CSG	$
2. SLS	$	=(2a▸	$	+	$	)		2. UMS	$
3. Stafford Loan	$	=(2b▸	$	+	$	)		3. Colorado Aid:	$
4. Plus Loan	$	=(2a▸	$	+	$	)			
5. SEOG	$	(2c▸	$	+	$	) =		Other Aid:	$
6. CSIG (SSIG)	$		▲ (If +)					Other Aid:	$
7. Pell Grant	$							Student	$

STEP 10 REPAYMENT FOR PAYMENT PERIOD (NOT APPLICABLE FOR CWS/GSL's)

Book/Supplies $

Other Noninstitutional Costs: $

Living Expense $ ______ x ______ mos/wks attended ÷ ______ mos/wks in Payment Period = $

Total Incurred $ ______ 10a

Total Cash Disbursements 3d▸ $

REPAYMENT DUE (If +) 11-3d▸ $ ______ 10b

STEP 11 TITLE IV REPAYMENT 10b x 6a ÷ 6c▸ $

STEP 12 STATE AID REPAYMENT 10b x 6b ÷ 6c▸ $

STEP 13 DISTRIBUTE REPAYMENT (Exclude CWS, Other Work Programs, and GSL's)

1. Perkins Loan	$	1. CSG	$	Other Aid:	$
2. SEOG	$	2. UMS	$	Other Aid:	$
3. CSIG (SSIG)	$	3. Colorado Aid:	$		$
4. Pell Grant	$				

School Official's Signature ______ Date ______

STEP 4a AMOUNT RETAINED BY SCHOOL BASED ON PRO RATA REFUND (For Schools with *Cohort Default Rates* > 30%)

Completed ______ hrs/wks Total Charges $ ______ x ______ % = $

÷ Actual Cost of Equipment Not Returned by Student $

Total ______ hrs/wks Administrative Fee: $100 or 5% of Charges if Less $

Percent Attended ______ % (% Rounded to Upper 10% = Amt. Retained) Total Amount Retained $ ______ 4a

STEP 5a REFUND (If +)3-4a▸ $ + ______ 5a BALANCE DUE (If -) 3-4a▸ $ -

DIRECTIONS: This *Refund Calculation Worksheet* may be used if the school's policy is to refund more than the minimum due Title IV programs (and Colorado state aid). Exclude *Other Aid* in STEPS 1 and 2 unless its terms and conditions indicate it is for specific *Payment Periods*. PRO RATA REFUNDS: Insert STEPS 4a and 5a after STEP 5. Use *actual hours* (or weeks) *completed* if missed hours are required to be made up; do not use *possible or available hours*. The percent attended may be different for STEP 4a than for STEP 4. Use least *Balance Due* (STEPS 5a or 5) if no refund is required.

SECTION III: THE SCHOOL, The Program Review Process

General Information

PROGRAM REVIEW. CSLP is required by state law and federal regulations to periodically review a school's ability to administer the GSL programs.[1] Such *Program Reviews* are conducted by CSLP's Compliance, Training, and Investigations Department and concentrate on a school's GSL policies and procedures and an examination of a random sample of the CSLP loans certified by the school. In addition to the evaluation of the school's administrative capability, the review provides an opportunity for the school to ask technical questions and assistance of CSLP.

Reviews of schools are usually scheduled by the *Program Officer(s)* conducting the review with the Director of Financial Aid by phone. Subsequently, the review is announced formally by letter to the director or president of the school in advance of the on-site visit by CSLP.[2] The announcement letter also contains a list of items such as policies and procedures, consumer information, and forms which are to be sent to CSLP prior to the on-site visit. The visit usually consists of two or three days. During the visit, the *Program Officer* requests files for specific students from a computer-generated random sample. Other files for students who have problems or complaints are requested as applicable.

Once on-site, the *Program Officer* conducts an entrance interview with the key financial aid personnel responsible for processing GSL's. This session is conducted primarily to orient the officer to the school's internal policies, procedures, personnel, and other school information. This session is also designed to provide the school personnel with an initial opportunity to ask questions concerning the review process. After the review of files and further discussions with financial aid personnel about school processes, an exit interview is held with the key financial aid personnel and their supervisors--school directors, presidents, and vice-presidents, as applicable, are strongly urged to attend the exit interview. During this interview, the *Program Officer* gives an oral summary of the findings of the *Program Review* and provides the participants with an opportunity to comment and ask questions. This session also contains the officer's assessment of satisfactory and outstanding practices and performances of the school.

WRITTEN REPORT. A written report containing the formal results of the *Program Review* is sent to the school after the on-site visit. The *Program Review* report is written on an *exception basis*--only areas of deficiencies or problems requiring correction are included. The report identifies the areas reviewed, explains the basic sample data, and indicates the *Exceptions* and how they must be addressed in a written response the school may be required to make to the review report. Subsequent reports may follow upon a school's response(s). The *Program Review* is closed formally by letter. If the review findings do not require a response, the review will be closed with the initial review report.

Each *Exception* narrative is headed by a title, followed by a paraphrase of the applicable law or regulation; cite references to *Title 34 of the Code of Federal Regulation (CFR)*, the *Higher Education Act of 1965*, as amended (HEA), and other references; the actual findings; and a section identifying any *Corrective Actions* that the school must perform as a result of the findings. The narratives are intended to assist the school in its response to the *Program Review* and in its administration of the GSL Programs. A sample of *Exception* titles and paraphrases is contained in the following pages.

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[1] CSLP is not required to review all schools that participate with CSLP or within its designated area of service. Regulations specify that Guarantee Agencies must review high-volume and high-default schools unless the U.S. Department of Education approves alternative *Program Review* plans. CSLP attempts to review more schools than those required by regulation. A Guarantee Agency may also arrange a reciprocal agreement with another Guarantee Agency to conduct *Program Reviews*.

[2] In certain circumstances, the *Program Review* may not be announced prior to the on-site visit.

Ability-to-Benefit Students

The institution processed a loan for a student whose ability-to-benefit from the program of study was improperly determined [cf. 34 CFR §600.11 and §668.7(b); HEA, §484(d) and §487(a); and "Dear Colleague" letters: GEN-89-58, December 1989; GEN-90-33, September 1990; GEN-90-41, December 1990; GEN-91-1, January, 1991; GEN-91-8, January 30, 1991; GEN-91-10, February 1991; and GEN-91-20, June 1991; Notice of Approved Tests, December 19, 1990].

Academic Year Definition

The institution did not define its academic year for its educational programs in accordance with federal regulations [cf. 34 CFR §668.2].

Appendix D: Default Reduction Measures

The institution did not perform all the requirements of 34 CFR 668 Appendix D as its chosen default reduction measures [cf. 34 CFR 668 Appendix D].

Attribution to Payment Periods

The institution did not properly attribute the disbursement of a loan to payment periods in its refund calculations [cf. 34 CFR 668.22(c) and "Dear Colleague" letter, GEN-88-32, September 1988].

Borrower's Loan Documents

The institution did not deliver the borrower's copy of the loan documents when these documents were provided to the institution thereby failing to describe the terms of the loan and bringing possible loss to the United States [cf. 34 CFR §668.43(c) and §682.610(a)].

Commissioned Salespersons

The institution used commissioned salespersons to promote the availability of Guaranteed Student Loans [cf. 34 CFR §682.200(b)].

Communication Between Offices

The institution did not communicate to the financial aid office or other offices all the information necessary to determine a student's eligibility [cf. 34 CFR §668.14].

Complete and Accurate Certification

The institution's certification of a loan application was not complete and accurate [cf. 34 CFR §682.301(b) and §682.603(a)].

Conflicting Data

The institution did not resolve discrepancies contained in information it received with respect to a student's application, or the institution certified the application or delivered loan proceeds prior to resolving the conflicting data [cf. 34 CFR §668.14(f) and §668.58(a)].

Consumer Information

The institution did not provide required or accurate consumer information regarding the institution or financial assistance programs to prospective and enrolled students [cf. 34 CFR §668.41(a), §668.43, §668.44(a), and §682.606(a)(2)].

Credit Balances

The institution did not properly process credit balances on a student's account [cf. 34 CFR §682.604(d)(1)(ii)].

Date Records for Receipt and Delivery of Loan Proceeds

The institution did not record the date that the institution received loan proceeds or the date the institution credited or delivered the loan proceeds to a student [cf. 34 CFR §682.610(b)].

Delayed Certification

The institution did not certify an application for a student applying for his or her first Stafford Loan or SLS for attendance at the institution, so that, the student would not receive loan proceeds prior to the thirtieth day of classes as required because its *Cohort Default Rate* exceeded 30 percent [cf. 34 CFR §682.603(c) and 34 CFR 668 Appendix D].

Delivery of Loan Proceeds

The institution did not properly deliver the loan proceeds to the student or credit the proceeds to the student's account [cf. 34 CFR §682.604, §668.19(a)(4)(i), §668.58(c); HEA §428G(b)(1); and "Dear Colleague" letters and GEN-90-33, September 1990, and GEN-90-41, December 1990].

Disbursement Schedule

The institution did not provide an accurate disbursement schedule in its certification of an application [cf. "Dear Colleague" letter GEN-89-58, December 1989; HEA, §428G].

Drop-Out Date

The institution did not calculate a student's refund due to a withdrawal using the student's drop-out date defined as the last recorded date of class attendance as documented by the institution [cf. 34 CFR §668.22(d)].

Entrance Interviews

The institution did not conduct entrance interviews or retain records of the entrance counseling for students who received Stafford Loans or SLS's [cf. 34 CFR §682.604(f),(g)].

Exit Interviews

The institution did not conduct exit interviews or retain records of the exit counseling for students who received Stafford Loans or SLS's [cf. 34 CFR §682.604(g)].

Financial Aid Transcripts

The institution released Stafford Loan or SLS proceeds or certified a Plus Loan application prior to or without receiving a *Financial Aid Transcript (FAT)* [cf. 34 CFR §668.19(a)(3)].

Family Contribution

The institution did not use the correct *Expected Family Contribution (FC)* for the loan period or period of enrollment [cf. HEA, §475(i) and §476(b); also see "Dear Colleague" letters GEN-88-7, January 1988, and GEN-89-43, August 1989].

Independent Student Status Documentation

The institution did not document the independent student status for a student whose status required documentation [cf. HEA, §480(d)].

Ineligible Borrower

The institution delivered student loan proceeds to an ineligible borrower [cf. 34 CFR §682.604(b)(2), §682.201, and §668.7].

Late Disbursement

The institution did not properly process a late disbursement for a loan [cf. CSLP Policy A-10, revised October 26, 1990]

Late Refund

The institution did not make a refund to the borrower's lender in a timely manner [cf. 34 CFR §682.607(c)].

Missing Records

The institution did not maintain records required for each student and parent borrower under the loan programs [cf. 34 CFR §668.23(f) and §682.610(b)].

Multiple Loan Applications

The institution did not have proper procedures for determining annual and aggregate loan limits because a loan application in a student's file should have been voided, or noted as cancelled or rejected [cf. 34 CFR §682.610(a), §668.7(a) and HEA, §428(a)(2)(D)].

Non-Citizen Documentation

The institution did not document the eligible non-citizen status for a student who was not a U.S. citizen or national [cf. 34 CFR §668.7(a)].

Output Document

The institution did not retain the output document or application used to develop the student's *Expected Family Contribution (FC)* [cf. 34 CFR §682.610(b)(6)].

Pell Grant Determination

The institution did not determine a student's Pell Grant eligibility or include the grant as *Estimated Financial Assistance* in certifying a Stafford Loan [cf. 34 CFR §682.201(a)(8)].

Plus Loan for an Independent Student

The institution certified a Plus Loan application for a borrower who was ineligible because the student was independent [cf. 34 CFR §682.201(b)].

Policies and Procedures

The institution has inaccurate or missing policies and procedures [cf. 34 CFR §682.610(a)(1), §668.53(a), and §668.14(d)(3)].

Pro Rata Refunds

The institution did not apply pro rata calculations in determining a student's refund as required because its *Cohort Default Rate* exceeded 30 percent [cf. 34 CFR §682.606, 34 CFR 668 Appendix D, and "Dear Colleague" letter GEN-89-58, December 1989].

Professional Judgment

The institution did not obtain documentation when using professional judgment to override a student's dependency or independency status, to adjust a student's *Cost of Attendance* or *Expected Family Contribution,* or to refuse to certify a loan or reduce the loan amount [cf. HEA, §480(d), §478A and §428(a)(2)(F); and "Dear Colleague" letters, GEN-88-7, January 1988, and GEN-91-19, June 1991].

Refunds

The institution did not properly refund an amount due for a Guaranteed Student Loan [cf. 34 CFR §682.606(a)].

Statement of Registration Status

The institution did not obtain a *Statement of Registration Status* for a student required to be registered for the Selective Service [cf. 34 CFR §668.33(a)(1)].

Satisfactory Progress

The institution did not properly administer its satisfactory progress policies and procedures [cf. 34 CFR §668.14(e)].

School Identification Number

The institution certified a loan using an incorrect U.S. Department of Education *School Identification Number (SID--"OE Code")* or CSLP suffix [cf. 34 CFR §682.603(a)].

SLS for an Ineligible Ability-to-Benefit Student

The institution processed an SLS for an ability-to-benefit student who did not have a high school diploma or its recognized equivalence (G.E.D.) [cf. HEA §428A(1) and "Dear Colleague" letter GEN-89-58, December 1989].

SLS for an Ineligible Dependent Student

The institution processed an SLS for a dependent student who was not eligible because the parents did not have exceptional circumstances [cf. HEA §428(a)].

SLS Minimum Period

The institution certified an SLS in excess of the annual loan limits prior to the expiration of the required minimum period [cf. HEA §428A(b)(1) and "Dear Colleague" letters GEN-90-33, September 1990, and GEN-90-41, December 1990].

Stafford Loan Determination

The institution did not determine a student's Stafford Loan eligibility or include the loan as *Estimated Financial Assistance* in certifying an SLS [cf. HEA §484(b) and "Dear Colleague" letter GEN-88-34, October 1988].

School Completion of the Borrower's Section

The institution inappropriately completed the student's or borrower's section of the application [cf. 34 CFR §682.102].

Updated Information

The institution did not update information contained in information it received with respect to a student's application prior to processing an application or loan proceeds [cf. 34 CFR §668.55].

Verification

The institution processed Stafford Loan proceeds without completing verification required for an application [cf. 34 CFR §668.53(a), §668.54, and §668.58(a),(c)].

Withdrawal Rate

The institution is considered to have impaired administrative capability because the withdrawal rate is higher than 33 percent [cf. 34 §CFR 668.15].

SECTION III: THE SCHOOL, Record Keeping Requirements

Tabular Table of Contents*

Tab Summary:

Records that must be maintained by the school and checklists for tracking required forms, documentation, and loan information are examined under this tab heading.

CSLP Ready References:

ORDER	TITLE	NUMBER	DATE	NEW ✓
1.	Record Requirements	RR081	February 28, 1992	✓
2.	Form Checklist	RR082	February 28, 1992	✓

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* The *Tabular Table of Contents* establishes a recommended order for the *CSLP Ready References* inserted behind this tab heading. New and revised *CSLP Ready References* are designated with a (✓) in the NEW column. Revisions are designated by date. *CSLP Ready References* with older dates are obsolete but may be retained for historical reference.

RECORD REQUIREMENTS

CSLP Ready Reference

	REGULATIONS:
ALL TITLE IV PROGRAMS	§668.23 AUDITS, RECORDS, AND EXAMINATION.
	(f)(1) In addition to the records required under the applicable program regulations and this part, for each recipient of Title IV, HEA program assistance, the institution shall establish and maintain, on a current basis, records regarding-
ENROLLMENT	(i) The student's admission to, and enrollment status at, the institution;
COURSES	(ii) The program and courses in which the student is enrolled;
SATISFACTORY PROGRESS	(iii) Whether the student is maintaining satisfactory progress in his or her course of study;
REFUNDS	(iv) Any refunds due or paid to the student, the Title IV, HEA program account(s) and the student's lender under the GSL, PLUS, and SLS programs;
JOB PLACEMENT	(v) The student's placement by the institution in a job if the institution provides a placement service and the student uses that service;
FA TRANSCRIPTS	(vi) The student's prior receipt of financial aid (see Sec. 668.19);
VERIFICATION	(vii) The verification of student aid application data . . . .
ADMISSION STANDARDS (I.E., ABILITY-TO-BENEFIT STUDENTS)	(2)(i) An institution shall establish and maintain records regarding the educational qualification of each regular student it admits, whether or not the student receives Title IV, HEA assistance, which are relevant to the institution's admission standards. (ii) An institution at which only certain programs have been determined eligible shall establish and maintain records regarding the admissions requirements and educational qualifications of each regular student enrolled in the eligible programs(s), whether or not the student received Title IV, HEA assistance.
	(3) Records shall be-
SYSTEMATIC	(i) Systematically organized; and
AVAILABLE AT LOCATION	(ii) Readily available for review by the Secretary at the geographical location where the student will receive his or her degree or certificate of program or course completion.
FOR GSL PROGRAMS	§682.610 RECORDS, REPORTS, AND INSPECTION REQUIREMENTS FOR PARTICIPATING SCHOOLS [IN GSL PROGRAMS].
	(a) General. Each school shall-
	(1) Establish and maintain proper administrative and fiscal procedures and all necessary records as set forth in the regulations in this part and in 34 CFR Part 668 in order to-
PROTECT RIGHTS	(i) Protect the rights of students and parent borrowers;
& U.S.	(ii) Protect the United States from unreasonable risk of loss; and
COMPLIANCE	(iii) Comply with any specific requirements in those regulations; and
	(2) Submit all reports required by this part and 34 CFR part 668 to the Secretary.
LOAN RECORDS	(b) Loan record requirements. In addition to records required by 34 CFR Part 668, for each loan received under this part by or on behalf of its students, a school shall maintain a copy of the loan application and a record of-
LENDER NAME	(1) The name of the lender;

LENDER ADDRESS (2) The address of the lender;

AMOUNT & LOAN PERIOD (3) The amount of the loan and the period of attendance for which the loan was intended:

STUDENT BUDGET (4) The data used to construct an individual student budget or the school's itemized standard budget used in calculating the student's estimated cost of attendance;

TUITION & FEES (5) the amount of the student's tuition and fees paid for the loan period and the date the student paid the tuition and fees;

AGI & FC DATA USED (I.E., OUTPUT DOCUMENT) (6) In the case of a GSLP loan for which the borrower applies for interest benefits under Sec. 682.301, the data used to determine the student's adjusted gross family income and the student's expected family contribution, and the corresponding certification by the school to the lender;

(7) In the case of a GSLP loan-

DATE RECORDS (i) The date the school received each loan disbursement and the amount of that disbursement;

(ii) The date the school endorsed each loan check;

(iii) The date or dates of transmittal of the loan proceed by the school to the student; and

JOB PLACEMENT (8) A record of the student's job placement, if known.

RETENTION (d) Record retention requirements. Unless otherwise directed by the Secretary, the school or its successors-

FIVE YEARS (1) Shall keep all records required under the regulations in this part for five years following the last day of the period for which the loan was intended;

(2) Shall keep for five years after their completion copies of reports and other forms used by the school relating to the GSLP or the PLUS Program;

CLOSURE, CHANGE OF OWNERSHIP (3) Shall provide, in the event of the school's closure, termination, suspension, or change of ownership, for the retention of the records and reports required by the regulations in this part and for access by the Secretary or his authorized representatives to those records and reports; and

FORMAT (4)May keep records and copies of reports on microfilm or in computer format.

ACCESS TO RECORDS (e) Inspection requirements. Upon request, a school shall afford the Secretary, a guarantee agency, and any of their authorized representatives, access to its records in order to verify the accuracy of its reports or the school's compliance with the Act and applicable regulations.

INFORMATION SHARING (f) Information sharing. Upon request, a school shall promptly provide a lender or guarantee agency with any information it has respecting the last know address, surname, employer, and employer address of a borrower who attends or has attended the school.

ENTRANCE & EXIT INTERVIEWS Documentation that the school conducted an Entrance and Exit Interview with the student is required.

INDEPENDENT STATUS Documentation of independent status is required when applicable.

PROFESSIONAL JUDGMENT Documentation for *Professional Judgment* decisions is required for adjustments to the student's *Cost of Attendance* and *Family Contribution,* dependency overrides, and refusals to certify or reductions in the amount certified for GSL's.

Want to Know More? See:

Title 34 of the Code of Federal Regulations §668.23(f), §682.604(f),(g), and §682.610 and the *Higher Education Act* of 1965, as amended, §428(a)(2)(F), §479A, and §480(d).

FORM CHECKLIST
CSLP Ready Reference

CSLP

Name	SSN	Award Year

REQUIRED ✔	DATE REQUESTED	DATE RECEIVED	FORM OR DOCUMENTATION
☐			1. Enrollment Agreement/Verification of Enrollment
☐			2. High School Diploma/GED/Ability-to-Benefit Test Results
☐			3. Application for Federal Student Aid (AFSA)/FFS/FAF/SingleFile
☐			Correction AFSA
☐			4. School FA Application/Registration Status/Educational Purpose
☐			5. State Residency Questionnaire
☐			6. Student Aid Report (SAR)
☐			Corrected/Reprocessed SAR
☐			7. Output Document for Needs Analysis/CFAR/FAFNAR/FAIR
☐			8. Financial Aid Transcript(s) for:
			1.
			2.
			3.
			4.
☐			9. Verification
☐			IRS Tax Returns: Student 19 ____
☐			IRS Tax Returns: Parent(s)
☐			IRS Tax Returns: Spouse
☐			W2's: Student & Spouse if Divorced/Separated & Filed Joint Return
☐			Verification Worksheet/Form
☐			Social Security Benefit Documentation
☐			Child Support Documentation
☐			Other:
☐			10. Independent Documentation
☐			Parent(s) Not Claim as IRS Tax Exemption 19 ____ 19 ____
☐			Resources of $4000 or More 19 ____ 19 ____
☐			Other:
☐			11. Non-Citizen Documentation:
☐			12. Stafford Loan Application
☐			13. ____ SLS ____ Plus Loan Application
☐			Entrance Interview
☐			Exit Interview Date if Mailed: ____________
☐			14. Professional Judgment Documentation:
☐			15. Award Letter
☐			16. Other:
☐			Other:
☐			Other:
☐			Other:

Place Original Check Here
Prior to Photocopying
With Disbursement Checklist

Or Enter Lender Name and Address:

And Disbursement Amount: $

DISBURSEMENT CHECKLIST

☐ Stafford Loan
☐ 1st Disbursement
☐ Supplemental Loans for Students (SLS)
☐ 2nd Disbursement
☐ Hold Until 30th Day of Program
☐ 3rd Disbursement

☐ Verification Completed ☐ N/A
☐ Financial Aid Transcripts Received ☐ N/A
☐ Eligibility Confirmed including Satisfactory Progress
☐ Entrance Interview Conducted

CHECK	DATE
Received at School	
Delivered to or Endorsed by Student	
Endorsed by School	

School Official

BORROWER ACKNOWLEDGEMENT

1. I understand the seriousness and importance of my obligation to repay this loan.
2. I understand the likely consequences if I default including adverse credit reports and litigation.
3. I understand I am obligated to repay the full amount of this loan even if I do not complete my program, am unable to obtain employment upon completion, or am otherwise dissatisfied with or do not receive the educational or other services that I purchased from the school.

Student

Date

SECTION IV: GLOSSARY

Of Student Loan and Financial Aid Terms

ACADEMIC YEAR (AY)

The time it generally takes a student to progress from one grade level to the next. It is also the minimum period to which the annual loan limits apply. CSLP edits for a minimum AY of 7 months in duration. By regulation, an AY is defined as:

a) A period of time in which a full-time student is expected to complete the equivalent of at least two semesters, two trimesters or three quarters at an institution which measures academic progress in credit hours and uses a semester, trimester or quarter system;

b) A period of time in which a full-time student is expected to complete at least 24 semester hours or 36 quarter hours at an institution which measures academic progress in credit hours but does not use a semester, trimester or quarter system; or

c) At least 900 clock hours at an institution which measures academic progress in clock hours.

ADJUSTED RATE

A rate of interest that will change after a period of time has elapsed. The current interest rate on a Stafford Loan is adjustable from 8% to 10% after 4 years in repayment.

ASSETS

Cash available in checking and savings accounts; trusts, stocks, bonds, other securities; real estate, home (if owned), income-producing property, business equipment, and business inventory. Considered in determining *Family Contribution.*

AWARD LETTER

A document from the school a student plans to attend that provides information on the types and amounts of financial aid offered, as well as specific program information, student responsibilities, and the conditions which govern the award. Generally provides students with the opportunity to accept or decline the aid offered.

AWARD PACKAGE/AID PACKAGE

A financial aid award offered to a student to help offset the cost of education. The package usually contains a variety of financial aid (loans, grants, scholarships, employment).

BORROWER

The person who signs the promissory note.

BUDGET RECONCILIATION ACT/OMNIBUS BUDGET RECONCILIATION ACT

The federal process by which Congress establishes a budget for the US government. Changes to the student loan program can occur during this process.

CAMPUS-BASED PROGRAMS

The term commonly applied to those federal student aid programs administered by institutions of postsecondary education; includes: Perkins Loan, Supplemental Education Opportunity Grant (SEOG), and College Work-Study (CWS).

COLLEGE WORK-STUDY PROGRAM (CWS)

One of the Campus-Based Programs; a part-time employment program which provides jobs for undergraduate and graduate students who are in need of such earnings to meet a portion of their educational expenses.

COLORADO ALTERNATIVE STUDENT LOAN (CASL)

An alternative loan that was made available by CSLP. The CASL program is no longer making loans.

COLORADO STUDENT LOAN PROGRAM (CSLP)

A division of the Colorado Department of Higher Education. CSLP is the designated guarantee agency for Colorado. CSLP also has a Loan Servicing Department.

COLORADO STUDENT OBLIGATION BOND AUTHORITY (CSOBA)

A state political sub-division that purchases loans from other holders by selling tax exempt bonds. CSOBA is a Colorado based secondary market.

CONGRESSIONAL METHODOLOGY (CM)

A standard method for determining ability to pay, contained in statute, which is used to determine need for the Campus-Based and Stafford Loan programs.

CONSOLIDATION

Please refer to the Student Loan Consolidation Program definition.

COST OF ATTENDANCE (COA)

This generally includes the tuition and fees normally assessed a student, together with the institution's estimate of the cost of room and board, transportation and commuting costs, books and supplies, and miscellaneous personal expenses. In addition, dependent care and costs related to a handicap may be included when appropriate.

CREDIT BUREAU OR CREDIT BUREAU REPORT

An organization that maintains information on a borrower's credit history. Credit bureau reports are provided upon request to financial institutions to determine a potential borrower's financial reputation. A poor credit rating adversely affects a person's ability to borrow in the future.

DEFAULT

This occurs when a borrower fails to make payments on his student loan debt and it is determined that the borrower does not intend to honor the terms of the promissory note. A student loan is considered to be in default when it is 180 days delinquent.

DEFERMENT

An approved period of time during which loan payments are set aside and payments of principal are not required. Interest does not accrue for Perkins and Stafford Loans. The repayment period is extended by the length of the deferment period. A borrower right.

DELIVERY

The school presents the student loan check to the borrower.

DEPENDENT STUDENT

Generally considered to be any student under the age of 24. See *Independent Student* for exceptions.

DISBURSEMENT

The lender generates a check. Student loan checks may be made payable to the borrower or to the borrower and the school. Most student loan checks must be sent directly to the school.

ELIGIBLE SCHOOL

A vocational or proprietary school, two year community college or four year college or university which meets all criteria for participation in the federal student aid programs.

ESTIMATED FINANCIAL ASSISTANCE (EFA)

All the financial aid a student has received or is expected to receive during the loan period. This amount must be determined before a GSLP loan may be certified.

FAMILY

The student's immediate family. If the student is dependent, then the parent(s)'s family is included. If the parents are divorced, the student's family is defined first by the parent with whom the student lived and second by the parent who provides the most support. If the student is independent, then the student's family is included.

FAMILY CONTRIBUTION (FC)

The amount of money a family should be able to pay for the student's education. The family's income and assets are considered. The FC is determined using Congressional Methodology. An FC is used to determine eligibility for any need-based aid program. The FC is also called the *Expected Family Contribution (EFC).*

FEDERALLY INSURED STUDENT LOAN (FISL)

The name of a student loan program before the creation of the GSLP. No loans have been made under this program since 1984.

FINANCIAL AID ADMINISTRATOR
This person works in the financial aid office of a postsecondary school and, among other things, is responsible for preparing and communicating information pertaining to student loans, grants or scholarships, and employment programs available to qualified students who attend their school.

FINANCIAL AID OFFICE
The part of a school that is responsible for determining a student's need, awarding the student's financial aid package, determining the student's eligibility to borrow a loan and which type(s) of loans the student may borrow.

FINANCIAL AID TRANSCRIPT
An official record of financial aid received at all schools previously attended. These forms are available from the office of financial aid.

FINANCIAL NEED
The difference between a school's *Cost of Attendance* and the family's ability to pay or *Family Contribution. Cost of Attendance - Expected Family Contribution = Financial Need.*

FORBEARANCE
A lender option. The lender is allowed to provide to the borrower relief from making normal payments on a student loan because of hardship conditions.

FULL-TIME STUDENT
Generally, one who is taking a minimum of 12 semester or quarter hours per academic term in a traditional school or 24 clock hours per week in schools which measure progress in terms of clock hours.

GIFT AID
Financial Aid that does not have to be earned or paid back.

GRACE PERIOD
The period of time that begins when a loan recipient ceases to attend school on at least a half-time basis and ends when the repayment period starts. Loan payments do not have to be made and interest does not accrue during this period. Currently the grace period is 6 months for Stafford Loans and 9 months for Perkins Loans.

GRADUATE OR PROFESSIONAL STUDENT
A student enrolled in an academic program of study above the baccalaureate level at an institution of higher education.

GRANT
A type of financial aid that does not have to be repaid except in some cases of early withdrawal or incorrect applications; usually awarded on the basis of financial need, possibly combined with skills or characteristics the student possesses.

GUARANTEE AGENCY (GUARANTOR)
An organization that provides a guarantee to the lender to ensure that the loan will be repaid even in the case of the borrower's death, permanent and total disability, bankruptcy, or default. CSLP is one of 52 guarantee agencies in the US.

GUARANTEED STUDENT LOAN PROGRAM (GSLP)
The name generally used to refer to the Title IV loan programs. The GSLP includes the Stafford Loan, SLS, Plus Loan, and Consolidation loan programs.

HALF-TIME STUDENT
In general, this is at least six semester or quarter hours per academic term at a traditional school and 12 clock hours per week for institutions which utilize clock hours to measure progress.

HIGHER EDUCATION ACT/TITLE IV/HEA/THE LAW
These terms all refer to the Higher Education Act of 1965, as amended. The HEA must be reauthorized every five years. Title IV refers to the specific section of HEA that deals with the GSLP.

HOLDER
An eligible institution which "holds" the promissory note on a student loan. It may be a lender or a secondary market.

INDEPENDENT STUDENT

A student who has reached the age of 24 by December 31 of the award year, or who is:

a) is an orphan or ward of the court
b) is a veteran
c) is married or is a graduate or professional student, and will not be claimed by parents for the first calendar year of the award year
d) has legal dependents other than a spouse and provides at least 50% of their support
e) is an unmarried undergraduate with no legal dependents who was not claimed by parents for tax purposes for the two years preceding the award year for which he/she is applying and demonstrates self-sufficiency for the two years prior to the first year he/she received Title IV aid by showing evidence of annual resources of at least $4,000 per year from a source other than parents.

Also see *Legal Dependent*, *Parent*, and *Resource*.

INSURANCE PREMIUM/GUARANTEE FEE

A fee that the borrower pays to CSLP to provide a "guarantee" to the lender. The fee is CSLP's primary source of income.

LEGAL DEPENDENT

A legal dependent is any person who lives with the student, receives more than half-support from the student, and will continue to receive more than half-support from the student during the award year. Also, the natural or adopted child of the student, or a child for whom the student is legal guardian, if the child receives more than half-support from the student (the child does not have to live with the student).

LENDER

The institution that provides the money to make the loan. To be a lender in the student loan program the lender must be approved by USDE and CSLP.

LOAN PERIOD

The specific period of time for which the student wishes to borrow. A loan is designed to pay for the *Cost of Attendance* during a specific loan period. In contrast, see *Period of Enrollment.*

NEED

The amount of assistance a family needs to meet the expenses of attending a school.

NEED ANALYSIS

A system used to estimate a student applicant's need for financial assistance to help meet educational expenses.

NEED ANALYSIS PROCESSOR

A company which performs need analysis processing based on a congressionally approved formula.

NEED-BASED AID

Types of financial aid that require a *Family Contribution (FC)*to be determined. A family's income and assets are considered before this type of aid can be offered. The family must show financial need. The formula for determining the amount of need-based aid is *Cost of Attendance* less FC less *Estimated Financial Assistance* equals need.

NON-NEED-BASED AID

Types of financial aid that do not require a family contribution to be determined. Income and assets are not a factor in awarding this type of aid. The family does not have to show financial need. The formula for determining the amount of non-need-based aid is *Cost of Attendance* less *Estimated Financial Assistance* equals need.

NOTICE OF PROPOSED RULE MAKING (NPRM)

The publication by USDE of the proposed changes to the federal regulations. A period of time is allowed so that the participants can comment to USDE on the proposed changes.

ORIGINATION FEE

A fee that the borrower pays to the federal government for making the loan. This fee is only paid on Stafford Loans.

PARENT

A parent is the natural or adoptive parent, or a legal guardian who has been appointed by a court and specifically directed by the court to support the student.

PAUL DOUGLAS TEACHER SCHOLARSHIP

A scholarship program administered by the states to enable and encourage outstanding high school graduates who demonstrate an interest in teaching to pursue teaching careers at the elementary and secondary levels.

PELL GRANT

A need-based program for undergraduate students who have not yet completed a baccalaureate course of study.

PERKINS LOANS

A Campus-based Program; a long-term, low interest loan program for both undergraduate and graduate students at a current interest rate of 5%.

PERIOD OF ENROLLMENT

As stated in its basic form relative to need analysis, means that period of time over which a student is or is expected to be engaged (enrolled) in a program of study. For example, a *Period of Enrollment* for an aid applicant will involve a *Cost of Attendance (COA)*, and a calculation of the *Family Contribution (FC)* to meet those costs. The period, by definition, would not involve a period of nonenrollment. Plus, by virtue of the relationship to a need analysis which uses a base year of twelve calendar months to measure a student's family financial circumstance and uses those data elements to project a financial circumstance for a subsequent twelve-month period, the total period of time (i.e., non-enrollment plus enrollment) cannot exceed twelve months. The period of enrollment, in regard to an FC calculation, can be continuous and involve a division of one or more academic periods within it, such as more than one term or more than one academic year or portion thereof. Hence, the *Period of Enrollment* may not necessarily correspond to an academic year or term. It is assumed that the purpose of using this definition is to determine the eligibility of a student to receive assistance under Title IV student financial assistance programs.

PLUS LOAN

A non-need-based loan made available to parents of dependent undergraduate or graduate students. Interest rates are variable but may not exceed 12%. The rate is adjusted every July 1. This loan may be used to replace the *Family Contribution* and is obtained from a bank, credit union, or savings and loan.

POST SECONDARY INSTITUTION (SCHOOL)

Any educational institution that offers training beyond the high school level. To be eligible in the student loan program an institution must be approved by USDE and CSLP.

REAUTHORIZATION

The federal process of reapproving or amending the Higher Education Act of 1965. Reauthorization occurs every five years.

REFINANCING

Please refer to the Student Loan Refinancing Program definition.

REFUND

Money that is owed by the school to the student because it was not earned by the school. This usually occurs when the student withdraws from school. All refunds from the school must be sent directly to the lender.

REGULATIONS

Codified instructions by which USDE and CSLP instruct lenders and schools on how to manage the student loan program.

REINSURANCE

USDE pays the guarantor for the amount of claims that the guarantor paid to the lender. A different percentage is paid to the guarantor based on the number of claims paid to lenders. Also see *Trigger*.

REPAYMENT

The actual terms of how an educational loan will be paid back. Terms include the amount of payments, interest rate, and number of years to repay.

RESERVE ACCOUNT (RESERVES)

Money that is set aside by a guarantee agency to pay default claims. CSLP is required to maintain a reserve amount of 1% of the amount of loans in repayment.

RESOURCES (FOR INDEPENDENT STUDENT DEFINITION)

Resources include not only traditional sources of income (such as wages, salaries, tips, interest and dividend income, untaxed income and benefits, fellowships and veteran's cash benefits) but also any student financial aid (except Plus Loans), and personal long-term cash loans used for educational purposes. These resources may not include any support received from the student's parents. The term *Resource* is also used for Campus-Based Programs to mean financial assistance and is very similar to *Estimated Financial Assistance* used for the GSL Programs.

ROBERT T. STAFFORD STUDENT LOAN PROGRAM (STAFFORD LOAN)

The name given to all Title IV loans; however, the term GSLP is still used. The subsidized Title IV loan is generally given the name *Stafford Loan*.

SCHOLARSHIP

A form of financial assistance which does not require repayment or employment and is awarded to a student who demonstrates exceptional ability, usually in academic performance or sports.

SCHOOL

Please refer to the Post Secondary Institution definition.

SECONDARY MARKET

An organization that purchases student loans from lenders. A secondary market then becomes the holder of the loan. Colorado's state-appointed secondary market is the Colorado Student Obligation Bond Authority (CSOBA).

SELF-HELP AID

Financial Aid that the student is expected to either earn or to pay back. This may include savings from past earnings, income from present earnings, or a loan to be repaid from future earnings.

SERVICER

An organization that the student loan holder hires to perform the required student loan activities. This includes disbursing loan funds, monitoring loans while borrowers are in school and assisting borrowers during repayment of their loans. Colorado servicers are UNIPAC Service Corporation and CSLP's Loan Servicing Department. A servicer is not a holder of student loans.

STAFFORD LOAN

Low interest and federally subsidized loans made to the student by a lender such as a bank, credit union or savings and loan to help pay for the *Cost of Attendance*. The interest rate is 8% until the beginning of the fifth year of repayment then changes to 10%. The federal government pays the interest while the student is in school at least half-time and during the grace period. A need analysis form must be completed by the student in order to determine the student's eligibility.

STATE STUDENT INCENTIVE GRANT (SSIG)

State scholarship/grant assistance for postsecondary students with substantial financial need.

STUDENT AID REPORT (SAR)

The report the student receives approximately 6 weeks after applying for financial aid if the student applied for the Pell Grant.

STUDENT LOAN CONSOLIDATION PROGRAM (CONSOLIDATION)

Allows a borrower to create one new loan out of many different smaller loans.

STUDENT LOAN MARKETING ASSOCIATION/SLMA/SALLIE MAE

A national secondary market that was created by Congress. SLMA purchases loans from lenders and becomes a holder. SLMA also has loan servicing centers.

STUDENT LOAN REFINANCING PROGRAM (REFINANCING)

An optional program for Plus Loan or SLS holders. Refinancing allows the borrower, with similar loan types, to combine loans onto one repayment schedule; to have fixed rate loans changed to variable rate loans; or to combine loans from different holders at one holder.

SUBSIDIZED LOAN

A loan where the federal government pays the interest that accrues on the loan during the borrower's in-school period, grace period, and deferment period. Examples are the Stafford Loan and the Perkins Loan.

SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT (SEOG)

A Campus-Based Program. Grants to undergraduate students of exceptional financial need who have not completed their first baccalaureate degree and who are financially in need of this grant to enable them to pursue their education. Priority for SEOG awards must be given to Pell Grant recipients.

SUPPLEMENTAL LOANS FOR STUDENTS (SLS)

A non-need-based loan to graduate/professional students and to independent undergraduates. The interest rate is variable, is adjusted every July 1, and may not exceed 12%. The funds may replace the *Family Contribution* and may be obtained from a bank, credit union or savings and loan.

TITLE IV PROGRAMS

Those federal student aid programs authorized under the Title IV of the Higher Education Act of 1965. They include, but are not limited to, Pell Grant, Stafford Loan/SLS/Plus Loan, SSIG, and the Campus-Based Programs.

TRIGGER

The calculation used to determine the amount of reinsurance a guarantor will receive. Reinsurance is paid at the rates of 100%, 90% or 80% depending on the guarantor's yearly default rate. The trigger is determined by multiplying the number of loans in repayment at the end of the federal fiscal year (30 September) by 5%.

UNSUBSIDIZED LOAN

A loan where the borrower must pay the interest that accrues on the loan at all times. Examples are the SLS, Plus Loans, and Consolidation.

UNIPAC SERVICE CORPORATION (UNIPAC)

The largest servicing organization in Colorado. UNIPAC is not a lender and does not hold any loans.

UNITED STATES DEPARTMENT OF EDUCATION (USDE)

The federal agency responsible for regulating all federal financial aid programs. This agency publishes regulations and Dear Colleague letters. The Secretary of Education is a member of the President's Cabinet.

UNMET NEED

The difference between a specific student's total available resources and the total cost for the student's attendance at a specific school.

VARIABLE INTEREST RATE

A rate of interest that will change, based on Treasury Bill rates according to a defined formula. The SLS and Plus Loan are variable rate loans. The interest rate will change every 1 July and is based on the average of the 52-week Treasury Bills plus 3.25%.

VERIFICATION

The process of verifying information submitted on the student aid applications. This is done through the comparison of specified documents to the data on the need analysis form.

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Cohort Default Rate	III: THE SCHOOL	Cohort Default Rate	RR071
Cohort Default Rate, Pro Rata Refund	III: Refunds	Pro Rata Refunds	RR078
Cohort Default Rate, SLS Restriction	III: Application Process	Loan Certification Requirements	RR012
Collections	II: Collections Procedures	Due Diligence	RR041

SUBJECT	SECTION	CSLP READY REFERENCE	NUMBER
College Work-Study Program	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
College, Number in	III: Application Process	Verification	RR013
Colorado Alternative Student Loan	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Colorado Student Loan Program	I: OVERVIEW OF CSLP	Overview of CSLP	RR084
Colorado Student Loan Program	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Colorado Student Obligation Bond Auth.	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Completed Hours	III: THE SCHOOL	Satisfactory Progress	RR029
Comprehensive Financial Aid Report	III: Application Process	Need Analysis	RR010
Confirmation Report	III: Enrollment Status	Reporting Enrollment Status Changes	RR036
Conflicting Data	III: Application Process	Conflicting Data	RR062
Conflicting Data, Certification	III: Application Process	Loan Certification Requirements	RR012
Congressional Methodology	III: Application Process	Need Analysis	RR010
Congressional Methodology	III: Borrower Eligibility	Student and Borrower Eligibility	RR006
Congressional Methodology	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Congressional Methodology, Manual	III: THE SCHOOL	Suggested Manuals	RR021
Congressional Methodology, VA	III: Application Process	Veterans Educational Benefits	RR011
Consolidation Loans	II: Consolidation	Consolidation Loans	RR034
Consumer Information	III: THE SCHOOL	Consumer Information	RR028
Consumer Information, Athletes	III: THE SCHOOL	Graduation Rates of Athletes	RR067
Consumer Information, Crime	III: THE SCHOOL	Crime Statistics	RR068
Consumer Information, Default Reduct.	III: THE SCHOOL	Default-Reduction Measures	RR033
Consumer Information, Grad. Rates	III: THE SCHOOL	Graduation Rates	RR066
Conversion Date	III: Delivery of Loan Proceeds	Repayment Flow Chart	RR023
Conversion, Manifest	II: Loan Servicing	Lender's Manifest	RR057
Copyright	I: OVERVIEW OF CSLP	Ready Reference Format	RR000
Correction Notices	III: Application Process	Loan Document Flow	RR005
Correspondence as Half-Time	III: Enrollment Status	Enrollment Classification	RR040
Cost of Attendance	III: Application Process	Cost of Attendance	RR065
Cost of Attendance	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Cost of Attendance, Certification	III: Application Process	Certifying a CSLP SLS or Plus Loan	RR073
Cost of Attendance, Certification	III: Application Process	Certifying a CSLP Stafford Loan	RR072
Cost of Attendance, Loan Reject	II: Origination	Reject Codes	RR087
Cost of Attendance, Need Analysis	III: Application Process	Need Analysis	RR010
Costs, Consumer Information	III: THE SCHOOL	Consumer Information	RR028
Costs, Default Reduction	III: THE SCHOOL	Default-Reduction Measures	RR033
Credit Balance, Check Delivery	III: Delivery of Loan Proceeds	Check Delivery	RR015
Credit Bureau	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Credit Checks	III: Borrower Eligibility	Student and Borrower Eligibility	RR006
Crime, Consumer Information	III: THE SCHOOL	Crime Statistics	RR068
CSLP	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
CSLP Ready Reference	I: OVERVIEW OF CSLP	Ready Reference Format	RR000
CSOBA	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Cures	II: Collections Procedures	Cures & Definitions	RR049
Cures, Non-Guaranteed Loans	II: Collections Procedures	Non-Guaranteed Loans	RR046
CWS	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Data, Conflicting	III: Application Process	Conflicting Data	RR062
Date, Conversion	III: Delivery of Loan Proceeds	Repayment Flow Chart	RR023
Date, Drop-Out	III: Refunds	Determining Withdrawal Dates	RR018
Date, Graduation, Manifest	II: Loan Servicing	Lender's Manifest	RR057
Date, Withdrawal	III: Refunds	Determining Withdrawal Dates	RR018
Death, Claim	II: Collections Procedures	Request for Payment of Claim	RR050
Death, Non-Guaranteed Loans	II: Collections Procedures	Non-Guaranteed Loans	RR046

SUBJECT	**SECTION**	**CSLP READY REFERENCE**	**NUMBER**
Debt Management, Default Reduction	III: THE SCHOOL	Default-Reduction Measures	RR033
Default	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Default Rate	III: THE SCHOOL	Cohort Default Rate	RR071
Default, Claim	II: Collections Procedures	Request for Payment of Claim	RR050
Default, Collection of	I: OVERVIEW OF CSLP	Overview of CSLP	RR084
Default, Loan Reject	II: Origination	Reject Codes	RR087
Default, Not be in	III: Borrower Eligibility	Student and Borrower Eligibility	RR006
Default, Timely Filing	II: Collections Procedures	Non-Guaranteed Loans	RR046
Default-Reduction Measures	III: THE SCHOOL	Default-Reduction Measures	RR033
Default-Reduction Measures, Appendix D	III: THE SCHOOL	Appendix D	RR070
Default-Reduction Measures, Pro Rata	III: Refunds	Pro Rata Refunds	RR078
Deferments	II: Repayment	Deferment Summary	RR020
Deferments	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Deferments, Manifest	II: Loan Servicing	Lender's Manifest	RR057
Deferments, Processing	II: Repayment	Processing Deferments	RR024
Degree, Enrollment in	III: Borrower Eligibility	Student and Borrower Eligibility	RR006
Delayed Certification	III: Application Process	Loan Certification Requirements	RR012
Delivery	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Dependency Status, Certification	III: Application Process	Certifying a CSLP SLS or Plus Loan	RR073
Dependency Status, Certification	III: Application Process	Certifying a CSLP Stafford Loan	RR072
Dependent Care	III: Application Process	Cost of Attendance	RR065
Dependent Student	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Dependent Student, CM	III: Application Process	Need Analysis	RR010
Dependent Student, FC Adjustments	III: Application Process	Family Contributions	RR038
Dependent Student, SLS	III: Borrower Eligibility	Supplemental Loans for Students (SLS)	RR002
Dependent, Legal	III: Borrower Eligibility	Independent Student Definition	RR008
Disability, Claim	II: Collections Procedures	Request for Payment of Claim	RR050
Disability, Non-Guaranteed Loans	II: Collections Procedures	Non-Guaranteed Loans	RR046
Disabled, Temporary Deferment	II: Repayment	Deferment Summary	RR020
Disbursement	II: Origination Process	Disbursements	RR048
Disbursement	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Disbursement Schedule, Certification	III: Application Process	Certifying a CSLP SLS or Plus Loan	RR073
Disbursement Schedule, Certification	III: Application Process	Certifying a CSLP Stafford Loan	RR072
Disbursement, Late	II: Origination Process	Late Disbursements	RR016
Disbursement, Late	III: Application Process	Scheduling Disbursements	RR069
Disbursement, Notice for Plus Loans	II: Origination Process	Disbursements	RR048
Disbursement, Schedules	II: Origination Process	Processing the Application	RR055
Disbursement, Scheduling	III: Application Process	Scheduling Disbursements	RR069
Discrepancies, Unresolved	III: Application Process	Conflicting Data	RR062
Dislocated Worker	III: Application Process	Need Analysis	RR010
Dislocated Worker, Veterans Benefits	III: Application Process	Veterans Educational Benefits	RR011
Displaced Homemaker	III: Application Process	Need Analysis	RR010
Displaced Homemaker, Veterans Benefits	III: Application Process	Veterans Educational Benefits	RR011
Distribution Policy for Refunds	III: Refunds	Refunds	RR077
Document Flow, Loans	III: Application Process	Loan Document Flow	RR005
Documentation, Entrance and Exit	III: Delivery of Loan Proceeds	Entrance and Exit Interviews	RR017
Documentation, Independent Student	III: Borrower Eligibility	Independent Student Definition	RR008
Documentation, Noncitizen	III: Borrower Eligibility	Eligible Noncitizen Documentation	RR007
Drop-Out Dates	III: Refunds	Determining Withdrawal Dates	RR018
Due Diligence	II: Collections Procedures	Due Diligence	RR041
Due Diligence, Deferments	II: Repayment	Processing Deferments	RR024
Due Diligence, Following Location	II: Collections Procedures	Location & More	RR051

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Early Intervention	III: THE SCHOOL	Default-Reduction Measures	RR033
Earned Income Credit	III: Application Process	Conflicting Data	RR062
Earned Income Credit	III: Application Process	Verification	RR013
Edits, Verification	III: Application Process	Verification	RR013
Educational Purpose, Statement of	III: Borrower Eligibility	Student and Borrower Eligibility	RR006
Elementary School	III: Borrower Eligibility	Student and Borrower Eligibility	RR006
Eligibility, Loan Proceeds	III: Delivery of Loan Proceeds	Check Delivery	RR015
Eligibility, Loss due to Default Rate	III: THE SCHOOL	Cohort Default Rate	RR071
Eligibility, Student	III: Borrower Eligibility	Student and Borrower Eligibility	RR006
Eligible School	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Enrolled, Never, Reject	II: Origination	Reject Codes	RR087
Enrollment Status	III: Enrollment Status	Enrollment Classification	RR040
Enrollment Status, Leave of Absence	III: Enrollment Status	Leaves of Absence	RR019
Enrollment, Failure to	III: Delivery of Loan Proceeds	Check Delivery	RR015
Enrollment, Failure to	III: Refunds	Determining Withdrawal Dates	RR018
Enrollment, Period of	III: Application Process	FC's, Loan Periods, and Per. of Enrollment	RR074
Entrance Interview	III: Delivery of Loan Proceeds	Entrance and Exit Interviews	RR017
Entrance Interview, Certification	III: Application Process	Loan Certification Requirements	RR012
Entrance Interview, Check Delivery	III: Delivery of Loan Proceeds	Check Delivery	RR015
Entrance Interview, Default Reduction	III: THE SCHOOL	Default-Reduction Measures	RR033
Entrance Interview, Form	III: Delivery of Loan Proceeds	Entrance and Exit Interview Form	RR063
Entrance Interview, References	III: Delivery of Loan Proceeds	Loan References and Test	RR064
Entrance Interview, Test	III: Delivery of Loan Proceeds	Loan References and Test	RR064
Estimated Financial Assistance	III: Application Process	Estimated Financial Assistance	RR075
Estimated Financial Assistance	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Estimated Financial Assistance, Certify	III: Application Process	Certifying a CSLP SLS or Plus Loan	RR073
Estimated Financial Assistance, Certify	III: Application Process	Certifying a CSLP Stafford Loan	RR072
Estimated Financial Assistance, Need	III: Application Process	Need Analysis	RR010
Estimated Financial Assistance, Reject	II: Origination	Reject Codes	RR087
Exit Interview	III: Delivery of Loan Proceeds	Entrance and Exit Interviews	RR017
Exit Interview, Default Reduction	III: THE SCHOOL	Default-Reduction Measures	RR033
Exit Interview, Form	III: Delivery of Loan Proceeds	Entrance and Exit Interview Form	RR063
Exit Interview, References	III: Delivery of Loan Proceeds	Loan References and Test	RR064
Exit Interview, Test	III: Delivery of Loan Proceeds	Loan References and Test	RR064
Expenses	III: Application Process	Cost of Attendance	RR065
FAF	III: Application Process	Need Analysis	RR010
FAFNAR	III: Application Process	Need Analysis	RR010
FAIR	III: Application Process	Need Analysis	RR010
Family Contribution	III: Application Process	Family Contributions	RR038
Family Contribution	III: Application Process	FC's, Loan Periods, and Per. of Enrollment	RR074
Family Contribution	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Family Contribution, Calculated	III: Application Process	Family Contributions	RR038
Family Contribution, Certification	III: Application Process	Certifying a CSLP Stafford Loan	RR072
Family Contribution, Need Analysis	III: Application Process	Need Analysis	RR010
Family Contribution, Replacement of	III: Application Process	Estimated Financial Assistance	RR075
Family Financial Statement	III: Application Process	Need Analysis	RR010
Family	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
FAT	See Financial Aid Transcripts		
FC	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
FC	See Family Contributions		
Federal Student Financial Aid Handbook	III: THE SCHOOL	Suggested Manuals	RR021
Federally Insured Student Loan	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	

SUBJECT	**SECTION**	**CSLP READY REFERENCE**	**NUMBER**
Fee, Guarantee	See Insurance Premium		
Fee, Loan	III: Borrower Eligibility	Cost of Attendance	RR065
Fee, Origination	See Origination Fee		
FFS	III: Application Process	Need Analysis	RR010
Financial Aid Administrator	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Financial Aid Form	III: Application Process	Need Analysis	RR010
Financial Aid Form Need Analysis Rept.	III: Application Process	Need Analysis	RR010
Financial Aid Institutional Report	III: Application Process	Need Analysis	RR010
Financial Aid Office	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Financial Aid Transcript	III: Application Process	Financial Aid Transcripts	RR012
Financial Aid Transcript	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Financial Aid Transcript, 45 Days	III: Delivery of Loan Proceeds	Check Delivery	RR015
Financial Aid Transcript, Certification	III: Application Process	Loan Certification Requirements	RR012
Financial Aid Transcript, Delivery	III: Delivery of Loan Proceeds	Check Delivery	RR015
Financial Aid Worksheet	III: Application Process	Financial Aid Worksheet	RR084
Financial Aid, Attribution	III: Refunds	Refunds	RR077
Financial Aid, Consumer Information	III: THE SCHOOL	Consumer Information	RR028
Financial Assistance	See Estimated Financial Assistance		
Financial Need	III: Application Process	Need Analysis	RR010
Financial Need	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
First-Year Borrowers	III: Delivery of Loan Proceeds	Check Delivery	RR015
FISL	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Flight Schools, Eligibility	III: Borrower Eligibility	Student and Borrower Eligibility	RR006
Flow Chart, Repayment	III: Delivery of Loan Proceeds	Repayment Flow Chart	RR023
Forbearance	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Forbearances	II: Repayment	Processing Forbearances	RR025
Form, Checklist, Schools	III: Record Keeping Requirements	Form Checklist	RR082
Form, Credit Balance	III: Delivery of Loan Proceeds	Check Delivery	RR015
Form, Entrance and Exit	III: Delivery of Loan Proceeds	Entrance and Exit Interview Form	RR063
Form, Financial Aid Worksheet	III: Application Process	Financial Aid Worksheet	RR084
Form, Leave of Absence	III: Enrollment Status	Leaves of Absence	RR019
Form, Loan Test	III: Delivery of Loan Proceeds	Loan References and Test	RR065
Form, References	III: Delivery of Loan Proceeds	Loan References and Test	RR065
Form, Refund Worksheet (Long)	III: Refunds	Refund Worksheet (Long Form)	RR079
Form, Refund Worksheet (Short)	III: Refunds	Refund Worksheet (Short Form)	RR080
Format, CSLP Ready Reference	I: OVERVIEW OF CSLP	Ready Reference Format	RR000
Full Payment Cure	II: Collections Procedures	Cures & Definitions	RR049
Full-Time Status	III: Enrollment Status	Enrollment Classification	RR040
Full-Time Student	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Full-Time, Certification	III: Application Process	Certifying a CSLP SLS or Plus Loan	RR073
Full-Time, Certification	III: Application Process	Certifying a CSLP Stafford Loan	RR072
Full-Time, Deferment	II: Repayment	Deferment Summary	RR020
GED	III: Borrower Eligibility	Ability-to-Benefit Students	RR009
GED	III: Borrower Eligibility	Student and Borrower Eligibility	RR006
GI Bill	III: Application Process	Veterans Educational Benefits	RR011
Gift Aid	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Glossary	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Grace Period	III: Borrower Eligibility	Stafford Loan	RR001
Grace Period	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Grace Period, Calculation of	III: Delivery of Loan Proceeds	Repayment Flow Chart	RR023
Grace Period, Reinstatement	II: Loan Servicing	Reinstatement of Grace Period	RR058
Grade Level	III: Enrollment Status	Enrollment Classification	RR040

SUBJECT	SECTION	CSLP READY REFERENCE	NUMBER
Grade Level, Certification	III: Application Process	Certifying a CSLP SLS or Plus Loan	RR073
Grade Level, Certification	III: Application Process	Certifying a CSLP Stafford Loan	RR072
Grades, Satisfactory Progress	III: THE SCHOOL	Satisfactory Progress	RR029
Graduate Fellowship	II: Repayment	Deferment Summary	RR020
Graduate Status	III: Enrollment Status	Enrollment Classification	RR040
Graduate Student	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Graduation Date, Certification	III: Application Process	Certifying a CSLP SLS or Plus Loan	RR073
Graduation Date, Certification	III: Application Process	Certifying a CSLP Stafford Loan	RR072
Graduation Date, Manifest	II: Loan Servicing	Lender's Manifest	RR057
Graduation Rates, Consumer Information	III: THE SCHOOL	Graduation Rates	RR066
Gramm-Rudman	II: Loan Servicing	Interest & Special Allowance	RR045
Gramm-Rudman, Special Allow. Rates	II: Loan Servicing	Speical Allowance Rates (12/84-12/89)	RR089
Grant	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
GSLP	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Guarantee Agencies	I: OVERVIEW OF CSLP	Overview of CSLP	RR084
Guarantee Agency	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Guarantee Fee	See Insurance Premium		
Guarantee Fee, or Insurance Premium	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Guarantee Notice	II: Origination Process	Processing the Application	RR055
Guaranteed Student Loan Program	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Half-Time Status	III: Enrollment Status	Enrollment Classification	RR040
Half-Time, Certification	III: Application Process	Certifying a CSLP SLS or Plus Loan	RR073
Half-Time, Certification	III: Application Process	Certifying a CSLP Stafford Loan	RR072
Half-Time, Deferment	II: Repayment	Deferment Summary	RR020
Half-Time, Eligibility	III: Borrower Eligibility	Student and Borrower Eligibility	RR006
Handicapped Expenses	III: Application Process	Cost of Attendance	RR065
Hardship, Forbearance	II: Repayment	Deferment Summary	RR020
Hardship, Forbearances	II: Repayment	Processing Forbearances	RR025
High School Diploma	III: Borrower Eligibility	Ability-to-Benefit Students	RR009
High School Diploma	III: Borrower Eligibility	Student and Borrower Eligibility	RR006
Higher Education Act	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Hours, Attempted/Completed	III: THE SCHOOL	Satisfactory Progress	RR029
Household Size	III: Application Process	Verification	RR013
Income, Taxed and Untaxed	III: Application Process	Verification	RR013
Increments, Satisfactory Progress	III: THE SCHOOL	Satisfactory Progress	RR029
Indemnification Agreement	II: Collections Procedures	Request for Payment of Claim	RR050
Independent Student	III: Borrower Eligibility	Independent Student Definition	RR008
Independent Student	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Independent Student, CM	III: Application Process	Need Analysis	RR010
Independent Student, FC Adjustments	III: Application Process	Family Contributions	RR038
Independent Student, Plus Reject	II: Origination	Reject Codes	RR087
Independent Student, SLS	III: Borrower Eligibility	Supplemental Loans for Students (SLS)	RR002
Ineligible Lender, Reject	II: Origination	Reject Codes	RR087
Ineligible School	II: Origination	Reject Codes	RR087
Information, Consumer	III: THE SCHOOL	Consumer Information	RR028
Insufficient Funds	II: Collections Procedures	Location & More	RR051
Insurance Premium	I: OVERVIEW OF CSLP	Overview of CSLP	RR084
Insurance Premium	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Insurance Premium, Billing	II: Origination Process	Insurance Premium Billing	RR059
Insurance Premium, Cancellations	II: Loan Servicing	Cancellations Vs. Refunds	RR039
Insurance Premium, Deductions	II: Origination Process	Disbursements	RR048
Insurance Premium, Plus Loan	III: Borrower Eligibility	Plus Loans	RR003

SUBJECT	**SECTION**	**CSLP READY REFERENCE**	**NUMBER**
Insurance Premium, Sales	II: Loan Servicing	Loan Sales	RR056
Insurance Premium, SLS	III: Borrower Eligibility	Supplemental Loans for Students (SLS)	RR002
Insurance Premium, SLS, Plus Loans	II: Origination Process	SLS and Plus Loan Parameters	RR054
Insurance Premium, Stafford Loan	II: Origination Process	Stafford Loan Parameters	RR053
Insurance Premium, Stafford Loan	III: Borrower Eligibility	Stafford Loan	RR001
Interest and Special Allowance	II: Loan Servicing	Interest & Special Allowance	RR045
Interest and Special Allowance	III: Delivery of Loan Proceeds	Repayment Flow Chart	RR023
Interest Benefits	II: Loan Servicing	Interest & Special Allowance	RR045
Interest Rate	II: Origination Process	SLS and Plus Loan Parameters	RR054
Interest Rate	II: Origination Process	Stafford Loan Parameters	RR053
Interest Rate	III: Delivery of Loan Proceeds	Sample Repayment Schedules	RR004
Interest Rate, Plus Loan	III: Borrower Eligibility	Plus Loans	RR003
Interest Rate, SLS	III: Borrower Eligibility	Supplemental Loans for Students (SLS)	RR002
Interest Rate, Stafford Loan	III: Borrower Eligibility	Stafford Loan	RR001
Interest Rate, Variable	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Interest, Capitalized	II: Origination Process	Processing the Application	RR055
Interest, Capitalized	III: Delivery of Loan Proceeds	Sample Repayment Schedules	RR004
Interest, Penalty	II: Collections Procedures	Location & More	RR051
Internship Deferment	II: Repayment	Deferment Summary	RR020
Intervention, Early	III: THE SCHOOL	Default-Reduction Measures	RR033
IRS Tax Returns	III: Application Process	Conflicting Data	RR062
IRS Tax Returns	III: Application Process	Verification	RR013
Job Placement, Default Reduction	III: THE SCHOOL	Default-Reduction Measures	RR033
Judgment, Professional	See Professional Judgment		
Last Date of Attendance	II: Loan Servicing	Reinstatement of Grace Period	RR058
Last Date of Attendance	III: Refunds	Determining Withdrawal Dates	RR018
Late Disbursement	II: Origination Process	Disbursements	RR048
Late Disbursement	II: Origination Process	Late Disbursements	RR016
Late Disbursement, Check Delivery	III: Delivery of Loan Proceeds	Check Delivery	RR015
Late Refunds	III: Refunds	Refunds	RR077
Leave of Absence	III: Enrollment Status	Leaves of Absence	RR019
Leave of Absence, Form	III: Enrollment Status	Leaves of Absence	RR019
Leave of Absence, Reporting	III: Enrollment Status	Reporting Enrollment Status Changes	RR036
Leave of Absence, Withdrawal Date	III: Refunds	Determining Withdrawal Dates	RR018
Legal Dependent	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Lender	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Lender's Manifest	II: Loan Servicing	Lender's Manifest	RR057
Lender, Declines to Lend	II: Origination	Reject Codes	RR087
Lender, Ineligible, Reject	II: Origination	Reject Codes	RR087
Lender, Notification to	III: Enrollment Status	Reporting Enrollment Status Changes	RR036
Lender, Processing Application	II: Origination Process	Processing the Application	RR055
Lender, Program Reviews	II: The Program Review Process	(General Information)	
Lender, Record Requirements	II: Record Keeping Requirements	Record Keeping Requirements	RR061
Limitation, due to Default Rate	III: THE SCHOOL	Cohort Default Rate	RR071
Living Expenses	III: Application Process	Cost of Attendance	RR065
Living Expenses	III: Refunds	Attribution to Payment Periods	RR076
LOA	See Leave of Absence		
Loan Certification	III: Application Process	Loan Certification Requirements	RR012
Loan Certification, Delayed	III: Application Process	Loan Certification Requirements	RR012
Loan Certification, FAT's	III: Application Process	Loan Certification Requirements	RR012
Loan Certification, SLS Restriction	III: Application Process	Loan Certification Requirements	RR012
Loan Certification, SLS/Plus Loan	III: Application Process	Certifying a CSLP SLS or Plus Loan	RR073

SUBJECT	SECTION	CSLP READY REFERENCE	NUMBER
Loan Certification, Stafford Loan	III: Application Process	Certifying a CSLP Stafford Loan	RR072
Loan Period	III: Application Process	FC's, Loan Periods, and Per. of Enrollment	RR074
Loan Period	IV: GLOSSARY	(Of Student Loan and Financial Aid Terms)	
Loan Period, Certification	III: Application Process	Certifying a CSLP SLS or Plus Loan	RR073
Loan Period, Certification	III: Application Process	Certifying a CSLP Stafford Loan	RR072
Loan Period, Overlap Reject	II: Origination	Reject Codes	RR087
Loan Proceeds, Delivery Form	III: Record Keeping Requirements	Form Checklist	RR082
Loan Proceeds, Leave of Absence	III: Enrollment Status	Leaves of Absence	RR019
Loan, Aggregate Limit	See Aggregate Loan Limits		
Loan, Annual Limit	See Annual Loan Limits		
Loan, Attribution	III: Refunds	Attribution to Payment Periods	RR076
Loan, Fees	III: Application Process	Cost of Attendance	RR065
Loan, Minimum Amount	II: Origination	Reject Codes	RR087
Loan, Parameters	II: Origination Process	SLS and Plus Loan Parameters	RR054
Loan, Parameters	II: Origination Process	Stafford Loan Parameters	RR053
Loan, Plus	III: Borrower Eligibility	Plus Loans	RR003
Loan, Proceeds	III: Delivery of Loan Proceeds	Check Delivery	RR015
Loan, Records, School	III: Record Keeping Requirements	Record Requirements	RR081
Loan, Repayment	See Repayment		
Loan, Sales	II: Loan Servicing	Loan Sales	RR056
Loan, Stafford	III: Borrower Eligibility	Stafford Loan	RR001
Loan, Supplemental	III: Borrower Eligibility	Supplemental Loans for Students (SLS)	RR002
Loan, Test	III: Delivery of Loan Proceeds	Loan References and Test	RR064
Loans, Cures	II: Collections Procedures	Non-Guaranteed Loans	RR046
Loans, Document Flow	III: Application Process	Loan Document Flow	RR005
Loans, Non-Guaranteed	II: Collections Procedures	Non-Guaranteed Loans	RR046
Location after Skiptracing	II: Collections Procedures	Location & More	RR051
LR1	See Preclaim		
LR2	See Claim		
Manifest, Lender's	See Lender's Manifest		
Manuals	III: THE SCHOOL	Suggested Manuals	RR021
Maximum Time Frames	III: THE SCHOOL	Satisfactory Progress	RR029
MDE's	III: Application Process	Need Analysis	RR010
Medical Expenses	III: Application Process	Cost of Attendance	RR065
Midpoint	III: Refunds	Attribution to Payment Periods	RR076
Military Deferment	II: Repayment	Deferment Summary	RR020
Minimum Due Title IV, Refunds	III: Refunds	Refunds	RR077
Minimum Loan Amount	II: Origination	Reject Codes	RR087
Minimum Period for SLS	See 7 Month Minimum Period for SLS		
Mitigating Circumstances	III: THE SCHOOL	Satisfactory Progress	RR029
Montgomery Bill	III: Application Process	Veterans Educational Benefits	RR011
Mother of Preschool Deferment	II: Repayment	Deferment Summary	RR020
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